



# Management and Sustainability Report – Year 2023

Periodic Year-End Report 2023

Addres: Carrera 13 # 26 A - 47 Floor 23<sup>rd</sup>



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### Periodic Year-End Report 2023

Address: Carrera 13 # 26 A - 47 Floor 23rd

Bogotá, February 2024

| Stocks               | Securities issues in force     |                 |
|----------------------|--------------------------------|-----------------|
| > Type of security   | Common stock                   | Preferred stock |
| > Trading system     | Stock exchange                 | Stock exchange  |
| > Stock exchange     | Colombian Stock Exchange (BVC) |                 |
| > Outstanding shares | 16,201,712,499                 | 7,541,763,255   |
| > Issue amount       | 16,201,712,499                 | 7,541,763,255   |
| > Amount placed      | 16,201,712,499                 | 7,541,763,255   |

| Local bonds                         | Issue date                 | Maturity date  | Issued amount<br>(Million) | Rate        | Rating                           |
|-------------------------------------|----------------------------|----------------|----------------------------|-------------|----------------------------------|
| Issue of 2009 - Series A - 15 years | December<br>December, 2009 | December, 2024 | \$ 124,520                 | IPC + 5.2%  | AAA-BRC Investor<br>Services S.A |
| Issue of 2016 - Series A - 10 years | November, 2016             | November, 2026 | \$ 93,000                  | IPC +3.86%  |                                  |
| Issue of 2016 - Series A - 20 years | November, 2016             | November, 2036 | \$ 207,000                 | IPC +4.15%  |                                  |
| Issue of 2017 - Series A - 25 years | June, 2017                 | June, 2042     | \$ 300,000                 | IPC +3.99%  |                                  |
| Issue of 2019 - Series C - 5 years  | November, 2019             | November, 2024 | \$ 100,000                 | 6.42%       |                                  |
| Issue of 2019 - Series A - 20 years | November, 2019             | November, 2039 | \$ 300,000                 | IPC + 3.69% |                                  |
|                                     |                            |                | \$1,124,520                |             |                                  |

| Local bonds              | Issue date     | Maturity date  | Issued amount<br>(million) | Rate   | Rating                                       |
|--------------------------|----------------|----------------|----------------------------|--------|----------------------------------------------|
| Issue of 2020 - 10 years | February, 2020 | February, 2030 | U.S. 1,000,000             | 4.375% | Ba2/Negative (Moody's)<br>BB+/stable (Fitch) |

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# About this report

*The management and sustainability report is framed within the requirements of the Code of Commerce and the recommendations of the Code of Best Corporate Practices - Country Code, issued by the Finance Superintendence of Colombia. Likewise, it complies with the information elements defined by the Finance Superintendence of Colombia in External Circulars 031/2021 and 012/2022 (see Annex 6 of this report).*

*Grupo Aval has presented the information cited in this GRI (Global Reporting Initiative) content index for the period from January 1 to December 31, 2023 using the GRI Standards as a reference.*

In the development of this report we will describe the structure of Grupo Aval and our main businesses, we will explain the elements that make up our strategic direction, the most relevant elements of our management during 2023 and an analysis of our performance throughout the year. We will also communicate the main activities, initiatives, challenges and achievements in social, environmental and economic matters that we consider relevant for our shareholders and investors.

We will present information under SASB criteria corresponding to the Commercial Banking industry. This is due to the fact that the banking services segment represents 79.8% of consolidated assets. However, we incorporate indicators of the Asset Management and Custody Activities industry given the relevance of the Financial Corporation segment, which includes Corficolombiana's information.

Finally, we have included the indicators related to the management of material issues in sustainability to provide a better understanding of our management in sustainability issues and to promote transparency in the disclosure of our results. These indicators have been compiled in the GRI table of contents at the end of the report.

Below are some definitions and clarifications that may facilitate the understanding of this report.

# Glossary:

**ESG:** Environmental, Social and Corporate Governance Criteria.

**ADL:** means Aval Digital Lab.

**Augusta:** ADL's data multicloud platform

**Aval Banks:** means the 4 bank subsidiaries of Grupo Aval in Colombia, specifically Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. When we refer to the figures of the Aval Banks, we are referring to the combined figures of the four banks.

**Climate change:** modification of the climate with respect to the climate history on a global or regional scale.

**Gross portfolio:** Means the loan portfolio excluding interbank and overnight funds.

**Aval Financial Conglomerate or CF Aval:** means the group of companies in Colombia and abroad engaged in financial, insurance or stock market businesses, over which Grupo Aval acts as a Financial Holding Company under the terms of Law 1870 of 2017 (hereinafter "Financial Conglomerates Law"). As of December 31, 2023, CF Aval is comprised of 29 entities, including Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Porvenir and Corficolombiana.

**Cost of risk:** refers to impairment loss net of written-off portfolio recoveries divided by the average gross portfolio.

**DEI:** diversity, equity and inclusion.

**Grupo Aval consolidated or consolidated level:** means Grupo Aval Acciones y Valores S.A. and its subsidiaries.

**GAL:** means Grupo Aval Limited.

**GHG:** Greenhouse Gases.

**GESA:** refers to Grupo Empresarial Sarmiento Angulo.

**Holding, Grupo Aval or the Company:** means Grupo Aval Acciones y Valores S.A. separately.

**Net interest margin (NIM):** Refers to net interest income plus net change in fair value of marketable assets / average earning assets.

**Net portfolio margin (Portfolio NIM):** Refers to net portfolio interest income divided by average portfolio.

**Net investment margin (Investment NIM):** Refers to net interest income from investments plus change in fair value of marketable assets and interbank income divided by average investments and interbank.

**MPU:** Refers to equity method income from associates and joint ventures under the equity method.

**Other income:** Refers to net gains on derivative financial instruments, net gain on hedging activities, net foreign exchange gain, MPU, dividends, net gain on sale of investments and/or realization of OCI, gain on sale of non-current assets held for sale, net gain on valuation of assets and other operating income.

**ROAA** is calculated as net income divided by average assets.

**ROAE** is calculated as net income attributable to shareholders divided by average attributable equity.

**Aval Network:** means the set of automatic teller machines (ATMs) of the Aval Banks, which have a fully integrated platform and allow our customers to make transactions from any of the Aval Banks. This network is managed by A Toda Hora S.A. (ATH), affiliate company of Aval Banks. It also means the offices of the Aval Banks, integrated in such a way that customers can carry out the most common transactions (withdrawals, deposits, balance inquiries and payments of obligations, among others) at any of their offices.

**Dual Materiality:** This refers to the identification of material issues for the Holding Company, their prioritization and the evaluation of materiality in two ways: the impacts of material issues for the business (financial materiality) and the impacts of material issues towards the environment (environmental and social impact materiality).

**MFG:** means Multi Financial Group, Inc., a holding company of Multibank Inc. and other subsidiaries located mainly in Panama.

**MFH:** means Multi Financial Holding, Inc., a holding company of MFG and a wholly owned subsidiary of Banco de Bogotá.

**SMEs:** refers to small and medium-sized enterprises.

**SASB:** Sustainability Accounting Standards Board. These are the accounting standards for sustainability.

**Sustainability:** As defined by the UN, it refers to meeting the needs of the present without compromising the ability of future generations to meet their own needs.

**TCFD:** The Financial Stability Board (FSB) created the TCFD (Task Force Climate Related Financial Disclosure) to develop recommendations on the types of information companies should disclose to help investors, lenders and insurance underwriters assess and appropriately price a specific set of climate change-related risks.

Figures are stated in pesos (\$) and U.S. dollars (U.S.\$), using the U.S. numeric system (commas in thousands and periods in decimals). We refer to billions of pesos as millions of millions and billions of dollars as thousands of millions.

All figures in dollars translated to pesos are stated using the market exchange rate (TRM) certified by the Financial Superintendence of Colombia (hereinafter "SFC") as of December 31, 2023 of \$3,822.05.

Finally, the accounting and financial information in this report and its schedules was audited by the firm KPMG S.A.S. (KPMG Colombia).



# Letter from our president

2-22

Bogotá D.C.

## Dear Shareholders:

The year 2023 marks the twenty-third year in which I have been proud to preside over this conglomerate. There are many milestones and figures worth remembering. For example, the almost 70,000 new minority shareholders who decided to invest in Aval shares at the time of its democratization in 1999. At that time, the company had total (separate) assets of \$2.7 trillion, equity of \$2.6 trillion and annual profits of \$29 billion. By 2010, having recently acquired the Central American banking group BAC Credomatic, these figures had increased to \$8.6 trillion in assets, \$5.9 trillion in equity and \$927 billion in net income. In 2014 we listed Aval's ADR on the New York Stock Exchange (NYSE) and that year we registered assets of \$27.6 trillion, equity of \$26.4 trillion and

net income of \$2.3 billion. In 2016 we adopted IFRS, or international financial standards-based financial statement reporting, and the new presentation of our financial statements brought our assets to \$17.9 trillion, our equity to \$16 trillion, without affecting our net income. In 2021, precisely the year before we spun off, for the benefit of all our shareholders, our ownership in the Central American banking group BAC Credomatic, we achieved record figures at Aval, with assets of \$25.6 trillion, equity of \$23.5 trillion and net income of \$3.5 billion. By any measure, the group's dynamism in these years has been, to say the least, impressive and, why not, exciting, with more than 100,000 employees, before the spin-off, committed to making

the conglomerate an example in the regions where we operate, working for the benefit of all our stakeholders, generating value for them and for the communities. In the year 2022 we began to see, and to call attention to, an overly accelerated inflation trend, which was not accompanied by robust GDP growth but instead by a contractionary monetary policy that led the Bank of the Republic's interest rates to grow by more than 1,000 basis points in a period of less than 12 months. This policy necessarily resulted in a similar sized increase in the cost of funds that was exacerbated, sometimes by as much as 500 basis points, by changes in banking regulations. This accelerated increase in cost of funds was not accompanied by a similar increase in the price of our assets, much less in banks whose main business is consumer credit (which is at a fixed rate), such as Banco Popular and Banco AV Villas. The effect of this situation was partially felt in 2022 (net income, excluding BAC's contribution to it, of \$1.9 trillion) and strongly in 2023 (net income of \$723 billion). We have worked on many ways to contain costs, but without stifling the commercial apparatus of the entities, and to look for many other methods of generating income. All of these methods have been deployed over the last 12 months and, during 2024, we expect to begin a gradual return to acceptable profitability parameters and, in 2025, to record those parameters in our results.

As is my custom, and to add context to the results of our entities, I will begin by referring to the global and local macroeconomic scenario.

Although the global context surprised positively in 2023, this was not the case for Colombia. It is anticipated that the world economy will reach a growth close to 3.1%, higher than the 2.7% expected a year ago, especially due to the better performance of the U.S. economy. U.S. GDP growth exceeded expectations and even advanced at a faster pace (2.5%) than in 2022 (1.9%). In addition, inflation retreated from its peaks in mid-2022 (9.1%) and moved closer to its long-term target level (2.0%). In Europe, inflation began to ease as tight monetary policy met its target and was helped by lower than expected energy prices, despite the conflict in Ukraine. The above consolidated the expectation that central banks in developed economies had completed their monetary tightening cycle by mid-year and, with it, increased the appetite for riskier assets.

Turning to the local context, last year was the most challenging in recent history for the Colombian economy, which closed with an annual GDP growth of 0.6%. This is the lowest figure of the century, excluding the COVID-19 pandemic, and compares unfavorably with the 7.3% recorded in 2022. Moderating post-pandemic excess household demand and plummeting investment led the slowdown in the economy. The fall in investment levels has reached the point

of compromising the country's potential growth, with several economists estimating a level of 2.5%, a figure that could jeopardize fiscal sustainability.

On the production side, three of the twelve sectors that make up the GDP registered decreases compared to 2022 and seven registered decelerations compared to last year. At the end of the year, there were three sectors of the economy with annual contractions, precisely those that generate the most employment. The manufacturing industry and commerce completed three consecutive quarters of year-on-year contraction, while the construction sector completed five consecutive quarters of contraction. The financial activities and insurance sector, where most of our business is concentrated, registered a 7.9% growth compared to 2022, driven by the strong results of financial institutions dedicated to asset management, such as AFPs and trust companies.

Domestic demand decreased 3.8% in 2023, as a result of a 24.8% contraction in gross capital formation, which was partially offset by a modest 1.1% increase in household consumption and a 0.9% increase in government spending. Finally, although better relative to the previous year, the balance of trade continued to negatively affect growth. The imbalance closed as a result of a 14.7% drop in imports, well above the 3.1% increase in exports. The contraction in net foreign direct investment implied a widening of the balance of trade deficit, despite the good performance of the terms of trade due to oil and coal prices.

The national total annual average unemployment rate reached 10.2% in 2023, a result that represented an improvement of 1.1 percentage points compared to the figure recorded in 2022, when the rate stood at 11.2%. The average annual unemployment rate for the thirteen metropolitan areas declined from 11.4% in 2022 to 10.4% in 2023. We expect employment rates to see some degradation in 2024 as the effects of the economic slowdown on job creation are reflected.

Inflation closed 2023 at 9.28%, below analysts' expectations. This trend was supported by a pronounced slowdown in food and goods, with increases of 5.0% and 7.1%, respectively. In contrast, services have fallen at a slower pace. On the other hand, regulated items continued to pressure inflation given a notable increase in gasoline prices, urban transportation fares and indexation in primary and secondary education.

In terms of monetary policy, the Central Bank maintained its cycle of increases until April 2023, raising the rate by 125 basis points in the first four months of the year, bringing the intervention rate to 13.25%, the highest nominal level since the inflation targeting regime has been operating in Colombia. The purpose of this increase was to reinforce the institution's commitment to meet the inflation target. It is worth remembering that this increase was added to one

of 1025 basis points in just 15 months, rising from 1.75% in September 2021 to 12.0% in December 2022, the most accelerated and of greater magnitude since the inflation targeting scheme has been in place in Colombia. A year ago, our projections indicated a first cut by the Central Bank in August 2023; however, this cut was postponed until December. Additionally, the year-end rate was 13.0% versus our expectation of 11.0%.

In addition, the final phase of Basel III regulation implementation regarding liquidity measured through the Net Stable Funding Ratio (CFEN) led most banks in the financial system to have to compete aggressively for longer-term deposits, further inflating funding costs and decoupling the cost of funding from the interbank market reference rate (IBR). At the same time, local markets remained virtually closed for primary bond issues. Traditionally, the cost of a CDT was around 50 basis points above the cost of a Colombian sovereign bond at the same term, the distortion generated by the final phase of the CFEN's implementation took these spreads to levels above 600 basis points at times of increased competition for term deposits. This distortion also extended to the savings accounts of wholesale depositors.

The exchange rate appreciated 20.5% against the dollar, higher than that of other Latin American currencies, closing the year at \$3,822.05 per dollar, its lowest level of the year. This allowed us to close the wide differential between the peso and other currencies in the region. The average exchange rate for the year was \$4,330.14 per dollar, 1.72% higher than that recorded in 2022.

After the shock to public finances generated by the pandemic, it is estimated that the Central National Government (CNC) deficit would close the year at 4.1% of GDP in 2023, down from 5.5% in 2022. Although government revenues will be below the target set in the Medium-Term Fiscal Framework, expenditures will lag even further behind, which will be reflected in a lower fiscal imbalance than expected. The increase in revenue resulting from the 2022 tax reform, a low budget execution of government spending and the extraordinary fiscal contribution of the oil sector are the main factors that help close the country's fiscal gap.

The economy's growth projections for 2024 pose a transitional, but still challenging, scenario. The Central Bank lowered its estimates for GDP growth from 0.5% to 0.2%, lower than the market consensus of 1.3% and the International Monetary Fund's 1.1%. Although market expectations point to a moderation of inflation in 2024, falling below 6.0%, we expect interest rates to remain high relative to long-term levels, demand dynamics to remain low and the labor market to weaken.

In this context, 2023 was the most challenging year for Colombian banks so far this century. The contraction of intermediation margins and the deterioration of the quality of the consumer portfolio were the factors that most influenced our results and those of the industry. According to Asobancaria's figures, the year 2023 left a record of 9 banks registering losses in the year out of a total of 29. It should be emphasized that the system maintains the strength that has characterized it, with solvency levels above the regulatory minimums and the support of shareholders through capitalizations, guaranteeing the stability of the system and the security of depositors.

Given the longer time it took the Central Bank to conclude its cycle of rate increases and taking into account the system's exposure to long-term consumer and housing for mortgages products, mostly at fixed rates such as promissory notes and mortgages, the banks' liabilities increased their cost at a faster rate than their portfolio increased. This implied that their margins, and therefore their profitability, contracted despite the increase in the rate of commercial loans, which are mostly at variable rates.

## Grupo Aval's results in 2023:

The following is a summary of what I consider to be the main factors that determined the year's results. At year-end we had consolidated assets of \$301.2 trillion pesos and total consolidated equity of \$31.5 trillion pesos, of which \$16.8 trillion pesos are attributable to the shareholders. In 2023, we will reach a separate net income of \$0.7 billion pesos. Overall, the 2023 results reflect a weak economy and a high inflation, accompanied by a



sharp shift to tight monetary policy that together lead to a significant interest margin compression and an increase in the cost of risk.

In terms of earnings from continuing operations, which in the periods covered herein correspond to operations other than BHI, Grupo Aval reached \$739 billion pesos in 2023 compared to \$1.9 trillion pesos in 2022. Remember that in 2022 we spun-off 75% of BHI in March and sold 20.89% in December; therefore, Banco de Bogotá and consequently, Aval, incorporate effects of discontinued operations for \$593 billion in the 2022 profit.

2023 has been perhaps the most challenging year in the last two decades for our banking operations. As we anticipated a year ago, as monetary policy was increasingly restrictive, the dynamics of the economy entered a slowdown phase. The sharp increase in benchmark interest rates favored net interest margins in our corporate banks, which have variable interest rates. In contrast, our retail banks (consumer and housing for Mortgages) and our fixed-income portfolios, which are predominantly exposed to fixed rates, experienced a rapid contraction in margins given the speed of the increase in rates. We have already begun to see a recovery in margins and expect this to continue as the Central Bank continues its rate reduction cycle as part of the monetary normalization process that we expect to accompany the moderation of inflation during 2024.

The structure of our personal loan portfolio has proven to be protective against the credit deterioration cycle in the consumer loan market observed in 2023, despite having brought with it a compression in the interest margin. Our focus on drawdowns allowed us to avoid this situation, thus achieving a lower deterioration in the consumer portfolio and a provision expense relative to our main competitors.

The efforts of the team that makes up this Holding Company and the entities were focused on three work fronts throughout the year: first, capital and liquidity strengthening and optimization strategies; second, implementation of expense optimization initiatives to address the pressures brought by high inflation, the peso devaluation, the 2 percentage point increase in the tax rate on financial institutions and the 16.0% increase in

the minimum wage; and, third but not least, focus on the effectiveness of our commercial activity, both in portfolio and deposits, supported by improving our customers' experience in digital and traditional channels, and strict risk management and pricing processes.

Despite the challenging environment for our banking business, 2023 was a year of market share gains across all portfolios. We increased our market share by 61 basis points in the total portfolio to 24.6%. We gained 86 basis points in the commercial portfolio, rising to 27.1%, we gained 102 basis points in the consumer portfolio, reaching 27.9%, and we continued to work on strengthening our presence in housing for Mortgages loans with a 24 basis point increase in our market share, reaching 14.5%. This performance was achieved, even with stricter loan origination policies than those in place a year ago.

Even though, once again, our real sector businesses contributed to our results in 2023, as we anticipated, the contribution of these businesses was reduced by close to 29% compared to 2022. The lower revenues are explained by the completion of construction on the Bogotá - Villavicencio (Andina) dual carriageway and by a slower pace of work progress in Ancón Sur - Bolombolo (Pacific Connection I) and Villavicencio - Yopal (Oriente), consistent with these concessions approaching the end of their construction phase. It is worth mentioning that, in August 2023, Corfi reached an agreement with the DOJ (Department of Justice) and the SEC (Securities and Exchange Commission) in the United States (and Aval made an agreement with the SEC; it was not necessary with the DOJ) to end the investigation that, on the Odebrecht - Ruta del Sol 2 case, had been initiated by these agencies at the end of 2018. This agreement included the payment of some fines that reduced Corfi's profit by approximately \$240 billion, which affected Aval's financial statements by almost approximately \$95 billion. On the other hand, the energy and gas companies maintained relatively stable results, despite having faced a sharp increase in their financial cost. Finally, the earnings of our hospitality operations increased 19%, reaching their highest earnings ever.

As for our pension and severance fund management operations, in 2023 they showed a strong performance in terms of profits and collection of mandatory pension contributions. The expectation of a normalization in the level of global interest rates and the recovery of Colombia's country risk premium led to strong valuations in the global and local fixed income and equity markets, benefiting the profitability of the funds under management and therefore the returns on the stabilization funds owned by the AFP. Secondly, the increase in the minimum wage led to an increase in the collection of mandatory pension contributions, favoring the result in terms of commissions. The AFP sector continues to pay close attention to the proposals submitted to Congress to reform the industry.

In terms of our digital strategy, by the end of 2023, our total digital clients (assets) exceed six million. We are focused on leveraging the use of our data, supported by advanced analytics platforms (Augusta).

Our dale! digital wallet, which closed 2023 with more than two million customers and 253 thousand merchants, will continue to be a key part of our payments strategy. While the focus of dale! continues to be on customer acquisition, we are beginning to migrate goals toward usage and deepening customer relationships. In 2023, through dale! we attracted 1.4 million new customers who had not had a relationship with Aval Banks. Finally, the imminent arrival of open data in the country is positioned as a good opportunity to close the gaps that distance us from our main competitors in terms of our payment methods strategy and value offering to retail depositors.

In 2023, we will continue to deepen our participation in ecosystems. Our goal is to participate in the customer's journey from beginning to end, offering our products and services. Metrocuadrado.com is positioned as the most relevant real estate publication portal in the country through which our banks are placing loans, insurance and, as of 2024, will expand the product offering to the different players in the ecosystem. In 2023 we received more than 446 billion in credit applications for home purchase.

Last year carroyá.com generated more than 300 thousand leads to Aval Banks, which even in the difficult situation of the automotive sector achieved a conversion to disbursement close to 1%. We expect that the integration

of FácilPass and carroya.com will allow us to increase our customer base, offering them greater benefits and thus increasing the use and average ticket generated through this ecosystem. By 2023, we will integrate more than 40% of the country's tolls in 21 concessions and the first 7 parking lots that can be paid with FácilPass throughout the country.

Finally, in addition to financial results, being a leading financial group and one of the largest private sector employers in the country, with more than 74 thousand employees, brings with it a great responsibility. Personally, I am convinced that we can do a lot individually, but we can do much more collectively and as a society, aligning our efforts to contribute to the Sustainable Development Goals (SDGs). For this reason, several years ago we embarked on a path of transformation and structural evolution, through the adoption of responsible and purposeful policies, strategies, alliances and investments.

As part of this conviction, we have carried out an exercise to align our business strategy with our sustainability strategy, within the framework of our dual materiality analysis. As a result of this exercise, we established a strategy of 7 strategic pillars supported by 10 material issues, which we will develop throughout this report. We also made decisions aimed at strengthening the governance model and thus improve the capacity of our entities to absorb shocks such as the one we faced in this cycle. Additionally, during 2023, 3 of our 4 banks in Colombia renewed their presidents. The 3 presidents assuming these positions had extensive experience in previous leadership positions within and outside the Group.

These changes seek to refocus our efforts on our goal of positively impacting the lives of millions of people in the more than 900 municipalities in the country where we operate, playing an active role in the conservation and care of the environment and biodiversity. Along the way, we have learned that working as a group allows us to have an extraordinary multiplier effect. We achieve this when we at Grupo Aval work as a group with the entire country. We team up with our talent, with our more than 30,000 suppliers and more than 30 million customers. We make a group with the government, with 60% of the companies in the country that trust us and that are the engine of employment and the economy. We are a

group with the planet and its care. We are a group with foundations and NGOs, with whom we collaboratively build ideas and lead initiatives and investments that generate real social and environmental change. We work with the entertainment of Colombians, through our Experiencias Aval platform. We also work with other groups, to jointly boost the generation of employment for different populations and the generation of opportunities in the territories.

We continue to help society and the environment; in the year that is coming to an end, our entities planted more than 300 thousand trees in the country. In 2023, Banco de Bogotá stood out as the first Carbon Neutral (Net Zero) bank in the country and is one of the major financiers of renewable energy projects; last year it financed the equivalent of the consumption of 1.2 million homes. Corficolombiana also achieved its certification as Carbon Neutral, offsetting CO2 emissions with reforestation projects through Mavalle. In addition, through Surtigas, it inaugurated the largest solar farm in the country with a capacity of 700 KWh/year and 1,260 solar panels. In its second year of operation, the Center for Cancer Treatment and Research (CTIC), attended 7,488 patients with its state-of-the-art equipment in its LEED Healthcare Gold certified facilities.

I am very proud of the Mission La Guajira project, under which we will work to build concrete and tangible solutions to meet the unmet basic needs of this neglected region, in partnership with the government, the communities of Manaure and Uribia, and Prisa Media. We intend to

provide individual solutions for solar energy, drinking water supply, and food health. La Guajira's time has come and we want to show the country that teamwork, between the public and private sectors, is not only possible, but that when properly articulated, we can contribute significantly to the country's conscious and sustainable progress.

In the following report we highlight other important achievements in terms of ESG. Sustainability is an inherent part of our brand purpose of creating conscious progress with all of Colombia.

Finally, integrating our risk management with environmental and social issues, this year we initiated the implementation of environmental and social risk management systems (SARAS) in Banco de Occidente, Banco Popular and Banco AV Villas, that we expect to complete in 2024. Grupo Aval and the Banks, from 2022 we adhere to the United Nations Sustainable Finance Program (UNEP FI) to support the transition to sustainable business models. In 2024 we will begin the work of identifying and mapping risks associated with climate change (physical and transition) under the framework of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB), aimed at strengthening our strategic pillar of comprehensive risk management.

Finally, I would like to invite you to review the management report, but not before expressing my sincere words of thanks to each and every one of our direct and temporary employees, our excellent management team and our boards of directors, for their resilience, efforts and dedication during 2023.

We are committed to exceeding the expectations of our mandate even in the most challenging years.

Sincerely,

**Luis Carlos Sarmiento Gutiérrez**  
**President Grupo Aval S.A.**



# About Grupo Aval

## Main Figures

(Amounts in Colombian pesos)

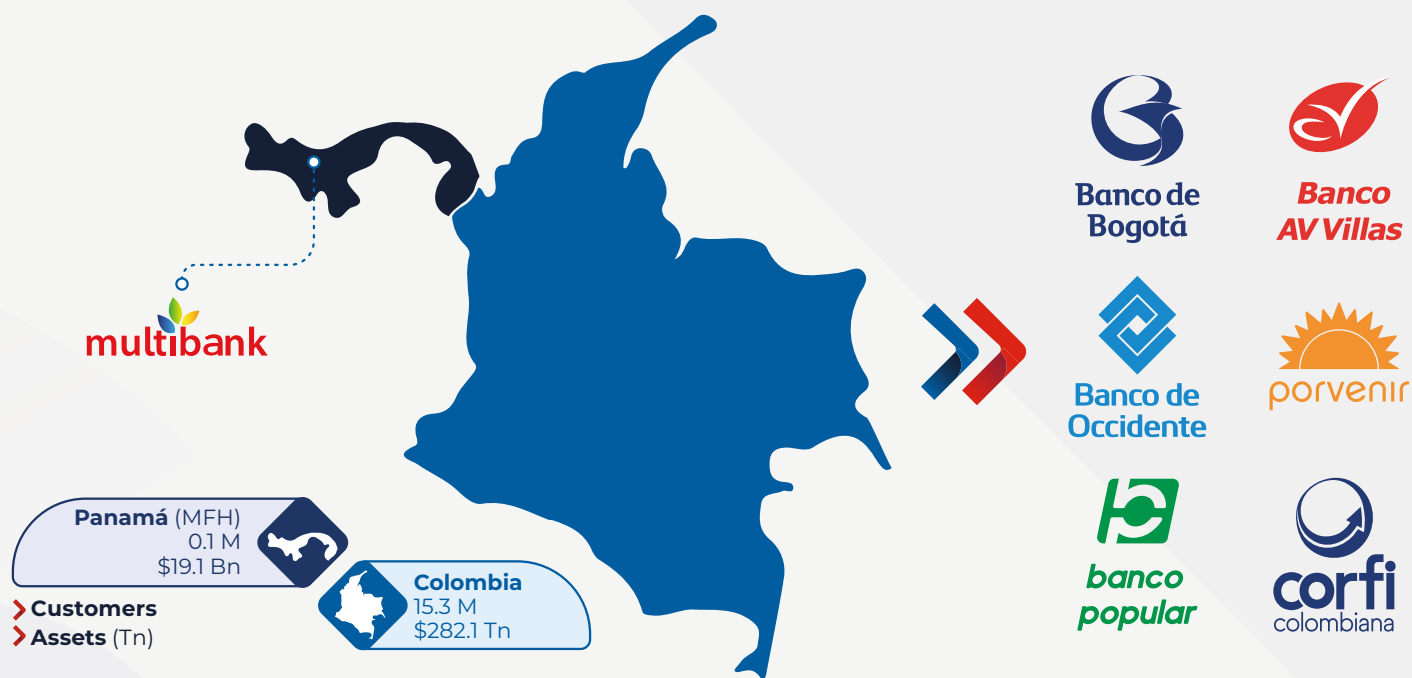
| Operating figures    |              |
|----------------------|--------------|
| Banking customers    | 15.4 million |
| AFPs customers       | 17.1 million |
| Employees            | 74,036       |
| Offices              | 1,020        |
| ATMs                 | 2,909        |
| Other service points | 79,071       |

| Separate results as of December 31, 2023               |         |
|--------------------------------------------------------|---------|
| Assets                                                 | 20.3 tn |
| Liabilities                                            | 3.1 tn  |
| Equity                                                 | 17.2 tn |
| Attributable Net Profits                               | 723 bn  |
| Double leverage<br>Grupo Aval Limited + Grupo Aval (I) | 1.22 x  |

| Consolidated results as of December 31, 2023 |          |
|----------------------------------------------|----------|
| Assets                                       | 301.2 tn |
| Gross portfolio                              | 185.8 tn |
| Deposits                                     | 182.0 tn |
| Total equity                                 | 31.5 tn  |
| Attributable equity                          | 16.8 tn  |
| Net profit                                   | 2.2 tn   |
| Attributable Net Profits                     | 739 bn   |
| ROAA                                         | 0.7%     |
| ROAE                                         | 4.5%     |

(I) Double leverage calculated as the value of (i) investments in affiliates at book value, subordinated loans to affiliates, investments in hybrid instruments and goodwill, (ii) divided by shareholders' equity

# GEOGRAPHIC PRESENCE



**+15.4 millones**  
of bank customers



**Assets**  
Ps. \$301.2 trillion



**+17.1 millones** of pension  
fund customers



**Consolidated attributable  
profit**  
Ps. \$739.0 billion

Figures as of December 31, 2023

# Our Business

2-2, 2-6

## General Aspects of the Transaction:

Description of the issuer's business purpose: Grupo Aval Holding is a non-operating company, issuer in the securities market both in shares and bonds, in Colombia and abroad, whose main purpose is the investment in entities of the financial sector.

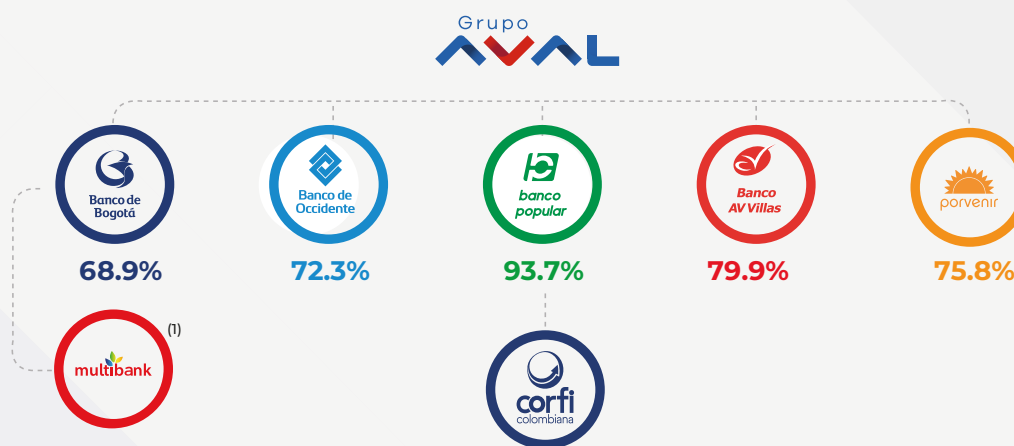
Our portfolio of investments in affiliates consists mainly of six entities in Colombia, engaged in the provision of commercial banking, pension services and investment and management of companies in the real sector.

In the banking sector, our main affiliates are Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. Banco de Bogotá consolidates the operation of Multibank, Inc. through its ownership in MFH in Panama.

Porvenir is the largest pension and severance fund manager in the country, measured by number of affiliates and resources under management. It also offers voluntary pension and stand-alone trust funds management services.

Corficolombiana is Colombia's largest financial corporation measured by assets and profits with a directly managed investment portfolio in sectors such as infrastructure, energy and gas, hospitality, agriculture and financial services.

At the end of 2023, Grupo Aval's total consolidated assets are distributed by business lines where 79.8% originate in our banking subsidiaries, 19.0% in Corficolombiana and 1.2% in assets recorded in Porvenir's balance sheet.



| Participation          |       | Total shares |           |
|------------------------|-------|--------------|-----------|
| Grupo Aval             |       | 8.7%         | 20.0%     |
| Banco de Bogotá        | 99.6% | 34.7%        | 46.9% (2) |
| Banco de Occidente     |       | 4.2%         | 33.1% (3) |
| Banco Popular          |       | 5.2%         |           |
| Total                  | 99.6% | 52.8%        | 100%      |
| % consolidated by Aval | 68.6% | 40.5%        | 75.8%     |

(1) Participation in Multibank through Multi Financial Holding Inc.

(2) Includes participation of Banco de Bogotá and Fiduciaria Bogotá

(3) Includes participation of Banco de Occidente and Fiduciaria Occidente



# Segments and products

Each of our subsidiaries has developed its own business model and specific appetite for different segments and products. We offer an extensive portfolio of products and services through our multi-brand strategy that, combined with the individual strengths and experience of our entities, ensures the best service according to the particular needs of each of our clients.

| Business line            | Commercial banking                                                                  |                                                                                     |                                                                                     |                                                                                     | Financial corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Pension fund manager                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Segments                 |    |    |    |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Corporations             |    |    |    |    | <div>Equity investments</div> <div> Infrastructure</div> <div> Energy &amp; Gas</div> <div> Agriculture</div> <div> Hospitality</div> <div> Financial and others</div> | <div>Assets under management</div> <div> Mandatory contributions</div> <div> Voluntary contributions</div> <div> Severance fund</div> <div> Others</div> |
| Companies and SMEs       |   |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Microenterprises         |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| People - affluent        |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| People - massive         |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Products                 |                                                                                     |                                                                                     |                                                                                     |                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Commercial               |  |  |  |  | <div>Treasury</div> <div>Investment banking</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Consumer                 |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Mortgage loans           |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Leasing                  |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Treasury operations      |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| International operations |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## Market position

**Banking subsidiaries<sup>1</sup>:** our banks in Colombia have a 24.1% market share in gross portfolio. Throughout our history we have built a portfolio that has been characterized by a greater market share in lower credit risk products, which has allowed us to maintain adequate credit risk management relative to our main peers.

This is reflected in the fact that we were able to maintain better quality indicators measured by delinquency (ICV >30 days) relative to the average of our peers in the context of the strong deterioration of credit quality evidenced in the system in 2023. Aval Banks closed the year with a combined ICV of 4.46%, compared to 5.79% of our main peers and 5.47% of the banking system (Asobancaria as of December 2023). In addition, Aval Banks evidenced the lowest deterioration in this indicator compared to 2022 relative to our main peers and the system. Aval Banks increased the ICV by 96 bps, the average of main peers by 170 bps and the banking system by 146 bps.

By portfolio type, we are the second largest player in commercial loans with a 26.7% share, with 37.0% in foreign currency, 29.0% in microenterprise, 27.9% in the corporate segment and 27.4% in the business segment as of November 30, 2023.

We are leaders in the consumer portfolio with a 26.5% share. Our focus on payroll-backed loans (libranzas) has allowed us to reach a market share of 43.4%. In other consumer products, such as free investment loans, credit card and vehicles, our market share is 17.2%, 17.6% and 19.4% respectively as of November 30, 2023.

Finally, in the mortgage portfolio, we reached the third place in the market, with a 14.3% share as of November 30, 2023.

In deposits<sup>2</sup>, we are second with a 24.8% market share. We have a 22.9% share in term deposits (CDTs), 25.3% in savings accounts and 29.3% in checking accounts.

**Porvenir:** our pension and severance fund manager is the leader in assets under management and affiliates of the private pension system in Colombia. In assets under management, it manages 46.5% of mandatory pension assets, 21.1% of voluntary pension assets and 48.3% of severance assets as of December 31, 2023.

Porvenir provides its services to 60.8% of the total number of mandatory pension affiliates in the country, 16.6% of voluntary pension affiliates and 55.6% of severance pay affiliates as of December 31, 2023.

**Corficolombiana:** the investment portfolio managed by Corficolombiana is a leader in the sectors in which it operates as follows:

In energy and gas, through Promigas and its subsidiaries we serve 40% of the gas distribution market and transport 56% of the natural gas volume in Colombia.

In infrastructure, we are the main investor in road infrastructure in Colombia with 8 road concessions, 17 toll stations and 668 km of concessions.

In the tourism industry, we manage the largest corporate hotel chain in Colombia; we have presence in 12 destinations (Colombia and Peru) with 27 hotels.

In agribusiness, we promote the transformation of Colombian agriculture through the implementation of sustainable productive projects that cover more than 26,000 harvested hectares.

<sup>1</sup> Market share calculated on banks and commercial financing companies

<sup>2</sup> Deposits: Sum of checking account, savings deposits and term deposit certificates.

# Our shareholders and investors

2-26

Managing, serving and informing our stakeholders (understood as shareholders, debt security holders and analysts) is an essential part of the Holding Company's raison d'être. Our objective is to interpret investors' expectations in order to take strategic business actions and keep them informed about the performance of their investment.

During the year we participated in events with domestic and international investors. We maintained constant communication with our investors, addressing requirements related to the economic performance of the regions in which we operate, business performance, among others.

We received more than 14,000 requests from investors through Deceval (our stock manager), of which 74.7% were solved by telephone, 25.5% over the counter, 2% by e-mail and 0.8% by personal attention.

| Main topics of requests to Deceval       |     |
|------------------------------------------|-----|
| Stock balance and dividend information   | 35% |
| Special operations                       | 18% |
| Sale of shares and portfolio information | 16% |
| Request for certificates                 | 15% |
| Data update and general data             | 9%  |
| Others                                   | 5%  |

Grupo Aval's authorized capital is \$120,000,000,000,000 represented by 120,000,000,000,000 shares, each with a par value of one peso (\$1.00). The shares are registered shares of capital stock and may be common or with preferred dividend and non-voting rights.

During 2023, the shareholders' assembly approved the distribution of a stock dividend in cash with a monthly payment of \$3.60 pesos for each common or preferred share of Grupo Aval during the months of April 2023 to March 2024. Said dividend would be paid over the 23,743,475,754 subscribed and paid shares at the date of such assembly.

| Type of Shares           | Number of shareholders | Shares                |                |
|--------------------------|------------------------|-----------------------|----------------|
|                          |                        | Number                | %              |
| Common stock             | 38,297                 | 16,201,712,499        | 68.24%         |
| Preferred stock          | 34,464                 | 7,541,763,255         | 31.76%         |
| <b>Total<sup>a</sup></b> | <b>69,821</b>          | <b>23,743,475,754</b> | <b>100.00%</b> |

In 2023, our shareholders base was conformed by around 70,000 shareholders, being Mr. Luis Carlos Sarmiento Angulo our controlling shareholder and real beneficiary of 81.2% of the total outstanding shares. This control situation has been registered with the Bogotá Chamber of Commerce since February 11, 2003.

| As of December 2023          | Common      | Preferred   | Total stock |
|------------------------------|-------------|-------------|-------------|
| Luis Carlos Sarmiento Angulo | 97.8%       | 45.5%       | 81.2%       |
| ADR Program                  | 0.0%        | 3.0%        | 1.0%        |
| Colombian Pension Funds      | 0.2%        | 27.6%       | 8.9%        |
| Other shareholders           | 2.0%        | 23.9%       | 9.0%        |
| <b>Total</b>                 | <b>100%</b> | <b>100%</b> | <b>100%</b> |

The following table shows the 10 main shareholders of Grupo Aval, and their interest calculated over the total subscribed and paid-in capital. The 10 main shareholders in aggregate accumulate a shareholding of 82.1% of the total shares.

The total balance of each shareholder corresponds to the sum of its position in common and preferred stocks as of December 31, 2023.

| Main shareholders                                |                       |                      |                       |               |
|--------------------------------------------------|-----------------------|----------------------|-----------------------|---------------|
| Shareholder                                      | Common stock          | Preferred stock      | Total shares          | Interest %    |
| ADMINEGOCIOS S A S                               | 6,538,047,501         | 31,801,123           | 6,569,848,624         | 27.7%         |
| ACTIUNIDOS S A S                                 | 3,433,148,778         | 737,434,431          | 4,170,583,209         | 17.6%         |
| EL ZUQUE S A S                                   | 647,434,218           | 1,027,818,613        | 1,675,252,831         | 7.1%          |
| INVERSIONES ESCORIAL S A S                       | 1,381,850,155         |                      | 1,381,850,155         | 5.8%          |
| SOCINEG S A S                                    | 589,159,975           | 733,572,273          | 1,322,732,248         | 5.6%          |
| AMINVERSIONES S A S                              | 694,707,391           | 533,898,566          | 1,228,605,957         | 5.2%          |
| INTRASSETS TRADING S A                           | 1,058,241,568         |                      | 1,058,241,568         | 4.5%          |
| RENDIFINS A S                                    | 697,365,390           | 266,567,884          | 963,933,274           | 4.1%          |
| FONDO PENSIONES OBLIGATOR. PORVENIR MAYOR RIESGO | 854,289               | 653,650,446          | 654,504,735           | 2.8%          |
| FONDO DE PENSIONES OBLIGATORIAS PROTECCION MAYOR | 457,733,097           |                      | 457,733,097           | 1.9%          |
| <b>10 largest shareholders</b>                   | <b>15,040,809,265</b> | <b>4,442,476,433</b> | <b>19,483,285,698</b> | <b>82.1%</b>  |
| <b>Other shareholders</b>                        | <b>1,160,903,234</b>  | <b>3,099,286,822</b> | <b>4,260,190,056</b>  | <b>17.9%</b>  |
| <b>Total</b>                                     | <b>16,201,712,499</b> | <b>7,541,763,255</b> | <b>23,743,475,754</b> | <b>100.0%</b> |

The following companies are shareholders of Grupo Aval and are part of Grupo Empresarial Sarmiento Angulo or are subject to the directives given by Mr. Luis Carlos Sarmiento Angulo (controlled companies): Adminegocios S.A.S., Actiunidos S.A.S., El Zuque S.A.S., Inversiones el Escorial S.A.S., Socineg S.A.S., Aminversiones S.A.S., Inverprogreso S.A.S., Seguros Alfa S.A., Codenegocios S.A.S., Negocios y Bienes S.A.S., Relantano S.A.S., Inproico S.A.S., Bienes y Comercio S.A.S., Rendifin S.A.S. and Inversegovia S.A.S., Shares and Business, Inc., Intrassets Trading S.A. and Multiassets Investments S.A."

## Performance of stocks and bonds

In 2023, international markets showed mixed performances. During the first half of the year, there was a favorable performance framed by economic analysts' expectations that indicated the beginning of monetary policy easing in the United States. However, during the third quarter of the year, international markets reverted as the Federal Reserve toughened its discourse, communicating its intentions to maintain high interest rates for a longer period than expected by the markets. Towards the end of the year, there was a strong rise in the fixed-income and equity markets as a result of moderating inflation, which was anticipated as the end of monetary tightening in the United States and Europe and resiliency in global economic activity. The S&P 500 presented an annual appreciation of 24.2%.

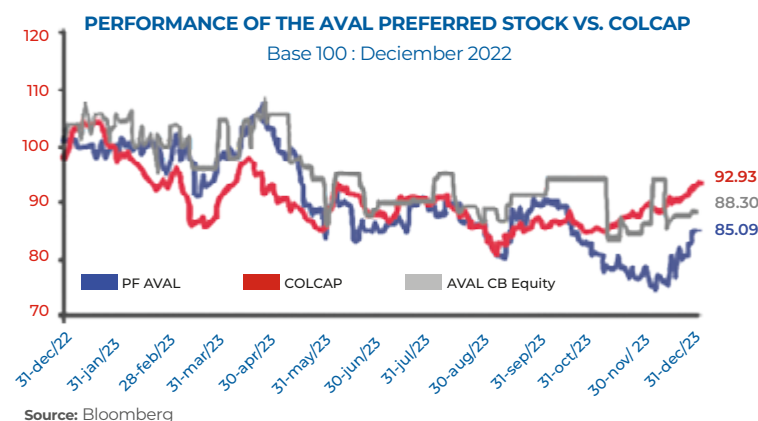
In terms of the local market, the Colcap devalued by 7.1% due to the feeling of uncertainty in the market regarding the country's political and economic environment.

During this year, the price of the common share (GRUPOAVAL) went from \$530 to \$468, presenting a devaluation of -11.7%. On the other hand, the

preferred share (PFAVAL), went from \$570 to \$485 with a decrease of -14.9%. Finally, the ADR (AVAL), listed on the New York Stock Exchange (NYSE) and equivalent to 20 preferred shares of Aval, stood at U.S. \$2.43 at the close of 2023, falling -4.0% compared to U.S. \$2.53 at the close of 2022. As for the trading volume of the common shares fell -40% reaching an average daily volume of \$42.1 million pesos, while the transactional volume of the preferred share reached a daily average of \$1.94 billion pesos falling -54% versus the daily average for 2022.

The performance of the ADR, in addition to taking into account the price of the preferred share, was positively impacted by the 20.5% appreciation in the TRM. The latter went from \$4,810.2 per dollar at December 31, 2022 to \$3,844.8 per dollar at December 31, 2023.

## Actions



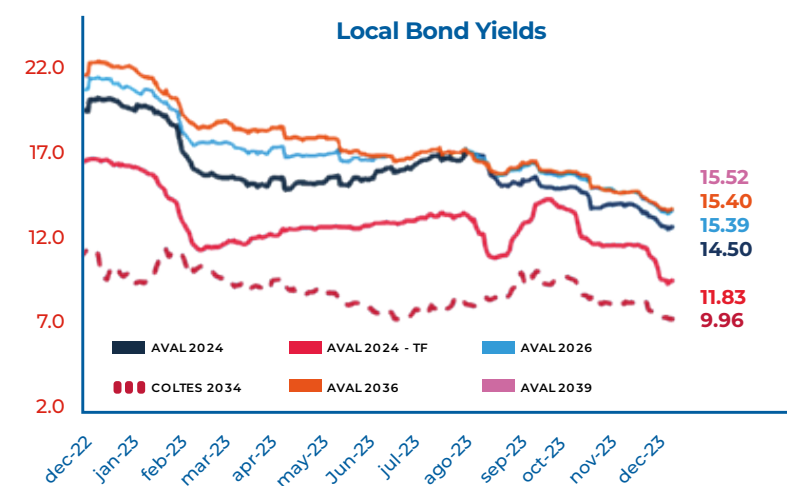
Regarding dividend payments, the March 30, 2023 meeting declared \$1.03 trillion in dividends at a rate of \$3.60 pesos per share per month payable between April 2023 and March 2024, equivalent to a dividend payout ratio of 41.5%.

|                                               | 2022   | 2023   | Variation |
|-----------------------------------------------|--------|--------|-----------|
| <b>Price PF AVAL</b>                          |        |        |           |
| End of year                                   | 570,00 | 485,00 | -15%      |
| <b>Daily average volume Preferential AVAL</b> |        |        |           |
| millions of pesos                             | 4.239  | 1.940  | -54%      |
| <b>Price AVAL</b>                             |        |        |           |
| End of year                                   | 530,00 | 468,00 | -12%      |
| <b>Daily average volume Common AVAL</b>       |        |        |           |
| millions of pesos                             | 69,7   | 42,1   | -40%      |
| <b>Price AVAL ADR (USD)</b>                   |        |        |           |
| End of year                                   | 2,53   | 2,43   | -4%       |

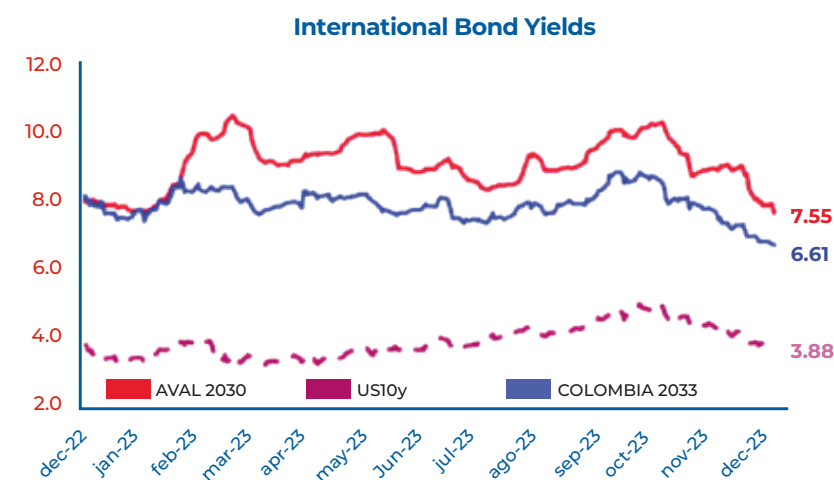
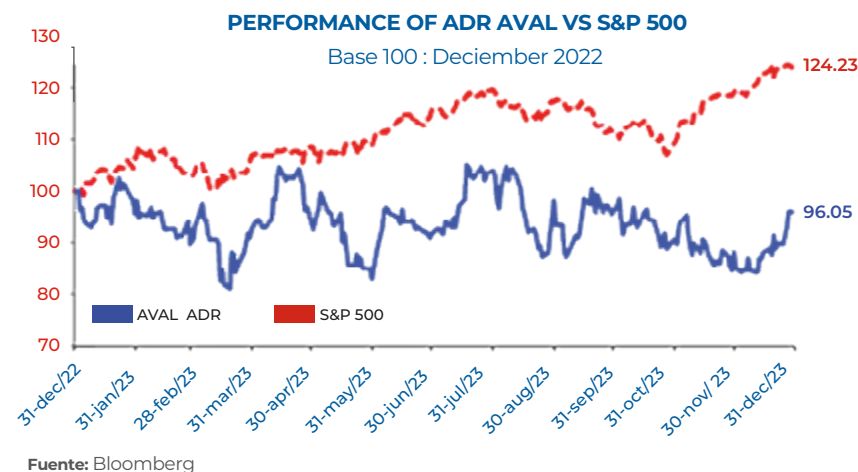
## Bonds

Fixed income assets presented valuations during 2023. In the international market, in 2023 the rate of the U.S. 10-year benchmark bond remained stable and presented a slight variation of 0.4 bps, while the rate of Aval bonds maturing in 2030 dropped 26 bps compared to the close of 2022.

In the local market, there was a reduction of around 650 bps in the yield of Grupo Aval bonds indexed to the CPI (Aval 2036, Aval 2039 and Aval 2042). This behavior was largely linked to the correction in the inflation indicator, which went from 13.12% in 2022 to 9.38% in 2023, and to the correction in inflation expectations, which as of December 2023 pointed to a figure of around 6.0% as of December 2024. On the other hand, the yield of the Colombian sovereign bond (TES) maturing in 2034 decreased by 305 bps compared to the close of 2022. The yield of the fixed rate bond maturing in November 2024, decreased by 590 bps.



Source: Bloomberg



Source: Bloomberg

# Board of Directors

2-9 2-11

The Corporate Governance chapter on page 117 provides additional information on the academic and professional background, age, quality of independence, experience, years on the board and committee membership of Grupo Aval's Board members

## Principals



Luis Carlos  
Sarmiento

Equity member



Alejandro  
Figueroa

Equity member



María Lorena  
Gutiérrez

Equity member



Álvaro  
Velásquez

Equity member



Fabio  
Castellanos

Independent member



Miguel  
Largacha

Equity member



Esther  
América Paz

Independent member

## Alternates



Mauricio  
Cárdenas

Equity member



Vacante



Juan Ángel  
Mejía

Equity member



Ana María  
Cuéllar

Equity member



Luis López  
Roca

Independent member



Cesar Prado

Equity member



Germán  
Villamil

Independent member

# Management team

The Corporate Governance chapter on page 130 provides additional information on the Management Team, including experience, professional profile and description of the main functions they perform in Grupo Aval

## President legal representative



Luis Carlos  
Sarmiento Gutiérrez

## Executive positions



Rafael Eduardo  
Neira Torres

Senior Corporate Comptroller  
Vice President



Diego Fernando  
Solano Saravía

Senior Financial  
Vice President



Rodolfo Vélez  
Borda

Senior Information  
Technology Vice President



Eduardo Duque  
Suárez

Senior Risk and Compliance  
Vice President



Jorge Adrián  
Rincón Plata

Legal Vice  
President



María Edith  
González

Accounting Consolidation  
Vice President



# Employees

2-7, 2-8, 2-30

At Grupo Aval we have a team of around 74 thousand people at a consolidated level. We have close to 47 thousand direct employees approximately 4,600 temporary employees. In addition, we generate about 22 thousand indirect jobs through the companies that provide services to us through outsourcing.

Great Place to Work recognized Banco de Occidente as “Best Place to Work in Colombia”; and the seventh for women in the category of more than 1,500 employees.

## Total number of employees

Includes direct employees, temporal employees and outsourced staff

Not including SENA interns

| Company                             | dec-22        | dec-23        | Variation     |
|-------------------------------------|---------------|---------------|---------------|
| Grupo Aval                          | 123           | 124           | 0.81%         |
| Corficolombiana and subsidiaries    | 25,257        | 26,044        | 3.12%         |
| Banco de Bogotá and subsidiaries    | 17,672        | 16,855        | -4.62%        |
| Banco de Occidente and subsidiaries | 17,401        | 16,737        | -3.82%        |
| Banco Av.Villas and subsidiaries    | 6,883         | 6,231         | -9.47%        |
| Banco Popular and subsidiaries      | 6,995         | 5,576         | -20.29%       |
| Porvenir and subsidiaries           | 2,929         | 2,469         | -15.71%       |
| <b>Consolidated total</b>           | <b>77,260</b> | <b>74,036</b> | <b>-4.17%</b> |

## Distribution of employees by country and type of contract

### Distribution of employees by country and type of contract

| Country        | Direct        | Tempory      | Outsourcing   | Total Country | % Country   |
|----------------|---------------|--------------|---------------|---------------|-------------|
| Colombia       | 45,936        | 4,536        | 20,773        | 71,245        | 96.23%      |
| Perú           | 368           | 64           | 1,135         | 1,567         | 2.12%       |
| Panamá         | 1,176         | 0            | 1             | 1,177         | 1.59%       |
| Estados Unidos | 44            | 0            | 0             | 44            | 0.06%       |
| Barbados       | 3             | 0            | 0             | 3             | 0.00%       |
| <b>Total</b>   | <b>47,527</b> | <b>4,600</b> | <b>21,909</b> | <b>74,036</b> | <b>100%</b> |

## Distribution of employees by gender

| Summary Number of direct and temporary employees in difference of gender<br>(Not including staff hired through Outsourcing or Apprentices) |               |               |               |              |              |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|--------------|--------------|
| Company                                                                                                                                    | Men           | Women         | Total         | % Men        | % Women      |
| <b>Grupo Aval</b>                                                                                                                          | 65            | 54            | 119           | 54.6%        | 45.4%        |
| <b>Corficolombiana</b>                                                                                                                     | 8,066         | 4,802         | 12,868        | 62.7%        | 37.3%        |
| <b>Banco de Bogotá</b>                                                                                                                     | 5,516         | 7,914         | 13,430        | 41.1%        | 58.9%        |
| <b>Banco de Occidente</b>                                                                                                                  | 5,477         | 8,765         | 14,242        | 38.5%        | 61.5%        |
| <b>Banco Av Villas</b>                                                                                                                     | 1,799         | 2,971         | 4,770         | 37.7%        | 62.3%        |
| <b>Porvenir</b>                                                                                                                            | 928           | 1,394         | 2,322         | 40.0%        | 60.0%        |
| <b>Banco Popular</b>                                                                                                                       | 1,795         | 2,581         | 4,376         | 41.0%        | 59.0%        |
| <b>Consolidated total</b>                                                                                                                  | <b>23,646</b> | <b>28,481</b> | <b>52,127</b> | <b>45.4%</b> | <b>54.6%</b> |

## Distribution of unionized employees by company (without consolidation) and gender

| Company                       | Representated by unions |       | Adhered to collective bargaining agreements |       | Not represented by unions or collective bargaining agreements |        | Total  |        |        |
|-------------------------------|-------------------------|-------|---------------------------------------------|-------|---------------------------------------------------------------|--------|--------|--------|--------|
|                               | Men                     | Women | Men                                         | Women | Men                                                           | Women  | Men    | Women  | Total  |
| Grupo Aval (separate)         |                         |       |                                             |       | 65                                                            | 54     | 65     | 54     | 119    |
| Banco de Bogotá (separate)    | 1,507                   | 3,021 | 170                                         | 276   | 2,093                                                         | 2,163  | 3,770  | 5,460  | 9,230  |
| Corficolombiana (separate)    |                         |       |                                             |       | 181                                                           | 216    | 181    | 216    | 397    |
| Porvenir (separate)           |                         |       |                                             |       | 800                                                           | 1,239  | 800    | 1,239  | 2,039  |
| Banco de Occidente (separate) | 936                     | 1,832 |                                             |       | 1,796                                                         | 2,075  | 2,732  | 3,907  | 6,639  |
| Banco Popular (separate)      | 629                     | 1,144 | 483                                         | 648   | 92                                                            | 71     | 1,204  | 1,863  | 3,067  |
| Banco Av. Villas (separate)   | 161                     | 430   | 862                                         | 1,780 | 291                                                           | 338    | 1,314  | 2,548  | 3,862  |
| Subtotal                      | 3,233                   | 6,427 | 1,515                                       | 2,704 | 5,318                                                         | 6,156  | 10,066 | 15,287 | 25,353 |
| Total                         |                         | 9,660 |                                             | 4,219 |                                                               | 11,474 |        | 25,353 |        |

From the table above, the employees included in the categories “under collective bargaining agreement” plus those “represented by unions” are covered by collective bargaining agreements.

## Credit Risk Ratings

The strength and sustainability of our business and that of our main affiliates allows us to have high quality credit ratings that enable us to finance ourselves at competitive rates, leveraging our growth and profitability.

|                    |                       | As of December 31, 2023 |              |            |                       |                |                 |               |             |
|--------------------|-----------------------|-------------------------|--------------|------------|-----------------------|----------------|-----------------|---------------|-------------|
|                    |                       | International           |              |            | Local                 |                | Outlook         |               |             |
| Issuer             | Class                 | Moody Rating            | Fitch Rating | S&P Rating | National Fitch Rating | S&P BRC Rating | Outlook Moody's | Outlook Fitch | Outlook S&P |
| Grupo Aval         | Foreign currency – LT | Ba2                     | BB+          |            |                       |                | Negative        | Stable        |             |
|                    | Local currency – LT   | Ba2                     | BB+          |            |                       | AAA            |                 |               |             |
| Banco de Bogotá    | Foreign currency – LT | Baa2                    | BB+          | BB+        |                       |                | Stable          | Stable        | Stable*     |
|                    | Foreign currency – ST | P2                      | B            | B          |                       |                |                 |               |             |
|                    | Local currency – LT   | Baa2                    | BB+          | BB+        |                       | AAA            |                 |               |             |
|                    | Local currency – ST   | P2                      | B            | B          |                       | BRC1+          |                 |               |             |
| Banco de Occidente | Foreign currency – LT |                         | BB+          |            |                       |                |                 | Stable        |             |
|                    | Foreign currency – ST |                         | B            |            |                       |                |                 |               |             |
|                    | Local currency – LT   |                         | BB+          |            | AAA                   | AAA            |                 |               |             |
|                    | Local currency – ST   |                         | B            |            | F1+                   | BRC1+          |                 |               |             |
| Banco Popular      | Local currency – LT   |                         |              |            |                       | AAA            |                 |               |             |
|                    | Local currency – ST   |                         |              |            |                       | BRC1+          |                 |               |             |
| Banco Av Villas    | Local currency – LT   |                         |              |            |                       | AAA            |                 |               |             |
|                    | Local currency – ST   |                         |              |            |                       | BRC1+          |                 |               |             |
| Corficolombiana    | Foreign currency – LT |                         | BB+          |            |                       |                |                 | Stable        |             |
|                    | Foreign currency – ST |                         | B            |            |                       |                |                 |               |             |
|                    | Local currency – LT   |                         | BB+          |            | AAA                   | AAA            |                 |               |             |
|                    | Local currency – ST   |                         | B            |            | F1+                   | BRC1+          |                 |               |             |

Source: Moody's, Fitch Ratings, Standard & Poor's (S&P) and BRC Standard & Poor's.

(\*) On January 19, 2024, S&P lowered its rating outlook from stable to negative due to the outlook adjustment of the Colombian sovereign.

## Awards, recognitions and certifications



Luis Carlos Sarmiento Gutierrez, president, was recognized as one of the 500 most influential people in Latin America.



We were certified by Great Place To Work as one of the best companies to work for in the country.



Luis Carlos Sarmiento Gutierrez, president, was recognized as one of the most influential bankers in Colombia by La República newspaper.



For the second consecutive year, we were recognized in first place in LinkedIn's Top Companies in Colombia list, which highlights the best companies to work for and develop a professional career. Through LinkedIn data, promotions, skills development, workforce stability and affinity within them are analyzed.



Grupo Aval, Bancos Aval, Corficolombiana, Porvenir and dale! have the Friendly Biz Certification granted by the Chamber of Diversity and endorsed by Future Builders, which has allowed us to strengthen the commitment we have as a financial group to have discrimination-free practices, considering all aspects of diversity.



For the seventh consecutive year, we were recognized as an IR issuer by the Colombian Stock Exchange for our best practices in disclosure and investor relations. In 2023 we improved our compliance with information requirements from 78.8% to 83.1%, improving 430 bps in the year.



Banco de Bogotá

### Best Bank in Colombia 2023

**For the eighth consecutive year, Banco de Bogotá received recognition as Best Bank of the Year in Colombia thanks to its wide range of products, the reliability of its services and the stability of its institution.**

The international publication stated that “the award winners were those banks that carefully addressed the needs of their customers in difficult markets and achieved solid results while laying the foundations for future success. The winning organizations managed their assets and liabilities intelligently in light of changing interest rate scenarios.”

### Best Financial Innovation Lab 2023

In *The Innovators 2023* program, Banco de Bogotá was recognized as the **Best Financial Innovation Lab 2023 in the category “Financial Services Lab working with external startups and scaleups”.**

This global recognition highlights institutions that are constantly engaged in designing innovative financial products and services with the aim of improving the customer experience and leading the banking transformation required by the sector.



#### Best Bank in Digital Consumer Lending and Best Mobile Banking Application in Latin America

Within the framework of the Best Consumer Digital Banks 2023 awards, Banco de Bogotá was awarded at regional level as the Best Bank in Digital Loans and its app as the Best Mobile Banking Application.



#### Best Bank in Digital Solutions in Colombia

In 2023, the British magazine highlighted Banco de Bogotá as the **Best Bank in Digital Solutions in Colombia**, recognizing its 100% digital portfolio of products and services, the optimization of new products, the process of massification in the short term, as well as its alliances and innovative customer and user service offer.



#### Bringing banking closer to Colombians, category User Protection

Awarded for the use of Facial Recognition for digital authentication, granted by the Colombian Banking Association.

#### Best Bank in Digital Consumer Credit, Best Mobile Banking Application and Best Bank in Social Media Marketing and Services in Colombia.

In Colombia, Banco de Bogotá obtained additional recognition as **Best Bank in Social Media Marketing and Services**.

These achievements reflect the strength of its strategy to attract and provide digital services suited to the needs of customers, thanks to the design and functionality of its Virtual Banking and its Mobile Banking app.

#### Market Leader in Digital Solutions and in Diversity and Inclusion

As part of the **Market Leaders** program, two important awards were obtained: **Market Leader in Digital Solutions** and **Market Leader in Diversity and Inclusion**. They were also distinguished in two subcategories related to ESG and SME Banking.

#### Bringing banking closer to Colombians, Financial Well-being category

Award for the Accessible Financial Education Program, designed for deaf people.



#### Members of the DJSI SP Global Sustainability Yearbook

For the fourth consecutive year, the Bank was positioned as a **member of the SP Global Sustainability Yearbook, placing it in the 96% percentile**, thanks to the strengthening of its customer management, privacy protection, decarbonization strategy, sustainable finance, transparency and reporting, and business ethics.



#### Mexico Best Restoration Practices in Colombia. Oscars Awards.

Recognition for the work developed with the **Amazon Debit Card**, which allows customers to support the reforestation of this region.



#### Rating "B"

For the first year, the bank was measured in the Carbon Disclosure Project - CDP, which evaluates performance in terms of climate change risks and opportunities, obtaining a **B rating**.



#### Honorable Mention in the "Sustainable Bond of the Year" category

Mention awarded by the *Global SME Finance Awards 2023* and the IFC's Green Bond Technical Assistance Program for the issuance of the first Sustainable Subordinated Bond in the country.



#### Best Practices for Sustainable Development, SDG 4. Quality Education

Awarded in the Finance with You category for the Accessible Financial Education Program, designed for deaf people.

Awarded for the high commitment to the sustainability of the Colombian economy.

Recognition granted by *Low Carbon Business Action* and the European Union for the Bank's work in decarbonization and the move towards more sustainable production practices..



Banco de Occidente was recognized by Great Place to Work as the best place **to work in Colombia, in the category of organizations with more than 1,500 employees.**

For the fifth consecutive year, the Bank **received the Great Place to Work and Icontec** certification for having Work Environment policies

and practices that generate trust and organizational commitment, which makes the organization a very attractive employer and an example for the country.

For the 2023-2024 period, the Bank is certified for being in a **very outstanding** work environment valuation status.



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

It is one of the ten companies in Colombia that is in the DJSI, and was ranked as one of the 10 most sustainable companies in the world in its industry. They obtained the number 8 position in the industry worldwide, being also the Colombian company with the highest rating.



It was included for the second time in the Sustainability Yearbook 2024 published every year by S&P Global, which places it as one of the companies with a score in the top 15% of its industry worldwide, in the *Corporate Sustainability Assessment*.



For the fourth consecutive year, the company was certified by Great Place To Work as one of the best companies to work for in the country, reaffirming our commitment to the well-being of our employees.



Ranked ninth in Latin America in the Ranking of Inclusive Companies, awarded by the Chamber of Diversity. Ranking of the National Consulting Center (CNC), in which more than 180 organizations from more than 15 countries in the region participated.



Its Economic Research area won a Silver Award in the category Equity Spot Forecasts and a Bronze Award in the categories Macroeconomic Aggregates Real Sector, Fixed Income Real Sector, Macroeconomic Aggregates Spot Forecasts and Macroeconomic Aggregates Institutional Sector.



President Maria Lorena Gutiérrez was recognized by the 30% Growth Through Diversity Club as a promoter of gender equity on Boards of Directors.



Maria Lorena Gutiérrez, President, was recognized as one of the 500 most influential people in Latin America.



Focus Economics, Analyst Forecast 2022, recognized the team as the most accurate in forecasting Colombia's macroeconomic variables during the past year. It was positioned in first place in the overall ranking.



Received ALAS20 recognition in the category: Leading Company in Sustainability, which fully recognizes excellence in the public disclosure of information on sustainable development practices, corporate governance, and responsible investments of companies and investors in Brazil, Chile, Colombia, Spain, Mexico and Peru.



**Recognition for its leadership in Sustainability:** As part of the celebration of the 30th anniversary of the Colombian Business Council for Sustainable Development (CECODES), Porvenir was recognized for its leadership in Sustainability.



**Porvenir received the Financial Education quality seal:**

In 2023 Porvenir received the Financial Education quality seal from the Finance Superintendence of Colombia in the Territories category for the Radio Classes in Rural Areas initiative. This certification recognizes the good practices of companies in financial inclusion and education offered by supervised entities and trade associations in the sector.



**Porvenir won the Ibero-American Excellent Trajectory Award in the gold category.** It was the first company in Colombia to win this award and the fifth in Ibero-America.

This award is granted by the Ibero-American Foundation Fundibeq, an entity that represents the region before the Global Excellence Model Council, a scenario where the practice of operational excellence is led at a global level.

The Excellent Trajectory is only awarded to companies that have won the Ibero-American Quality Award three times.



**Winner of two awards in the tenth edition of the Latam Digital Awards:**

Event organized by Interlat, where more than 1,300 projects from different companies and governments from more than 15 Latin American countries were presented. Porvenir was a finalist with five projects, of which it won two awards with the initiatives Claims Automation and Data Ecosystem.



**Banking as a Service (BaaS) Provider and Digital Transformation Excellence of the Year 2023**

The London-based Pan Finance magazine, which specializes in finance and technology, has an awards program that identifies organizations and individuals who have excelled in their respective fields and showcases them as examples of best practices. For its management, dale! was selected as **Banking as a Service (BaaS)** provider and Excellence in Digital Transformation of the Year 2023. Colombia received the only recognition in this category with our dale!



# Strategic Direction

Innovation and technological transformation, changes in global consumption trends, disruptions in supply chains and their effects on economic patterns, the growing relevance of sustainability, among others, have substantially modified the way businesses operate globally. The industries in which we operate have not been the exception and therefore, at Grupo Aval we have made progress on these fronts.

In terms of innovation and technological transformation, we created, centralized and enhanced the Group's innovation and digital transformation capabilities. We went from having an immaterial portion of product sales through digital channels in 2018 to having this channel account for more than 59% of consumer product sales (assets and liabilities) by 2023. In the same period, the proportion of disbursements made through digital channels increased from less than 2% to close to 20%. In addition, we migrated a significant portion of business processes from physical to digital, either end-to-end or partially, which has allowed us to capture operational efficiencies throughout the process.

On the other hand, the capabilities acquired through the grouping, standardization and understanding of the Group's data in Augusta have enabled us to better serve our customers' needs, allowing us to offer them quality products and services at the times of life when they are most useful to them. These capabilities will play a key role in the advent of open data and its impact on the industry.

In addition, we have worked to adopt and comply with the regulatory changes that have affected the traditional dynamics of our financial and non-financial businesses. Simultaneously, we have accommodated the changes in the political, economic, social, technological, environmental and legal landscape that have occurred globally and locally.

Part of our efforts have been aimed at successfully adopting the Basel III regulatory framework in Colombia. The changes introduced have redefined the way in which commercial business management and integrated risk management interact. In particular, there have been relevant changes in the regulation of: solvency ratio (regulatory minimums, operational risk, in asset weightings weighted by credit risk level), liquidity (changes in the IRL and inclusion of the CFEN), financial conglomerates regulations, large exposures, interest rate risk of the banking book (RTILB), stress testing schemes (EPR).

The final phase of implementation of these regulatory fronts will take place between 2024 and 2025.

In addition to these efforts, we have taken a path in the evolution and understanding of the two-way impact of ESG issues: from and to the business. Through our entities, we have promoted and developed initiatives aimed at generating social and environmental value in Colombia.

Being a leading financial group and one of the largest private sector employers in the country, with more than 74 thousand employees, brings with it a great responsibility. We are convinced that we can do a lot individually, but we can do much more collectively and as a society, aligning our efforts to contribute to the Sustainable Development Goals (SDGs). For this reason, several years ago we embarked on a path of transformation and structural evolution, through the adoption of responsible and purposeful policies, strategies, alliances and investments.

The evolution of our business within the framework of these global trends, added to the concentration of our activity in the Colombian market, after leaving Central America (BAC Holding International, Corp.), led us to re-evaluate our brand purpose, update our mission, vision and corporate values. We also updated our strategy around 7 pillars, supported by 10 material issues.

## Mission

➤ Promote the profitable and socially sustainable growth of the entities that make up the group, fostering, through them, the care of the environment and the well-being and progress of Colombians, through attractive and innovative offerings, under strict corporate governance standards.

## Vision

➤ Consolidate our position as the leading financial conglomerate in the Colombian market, recognized for our soundness, profitability, sustainability, innovation and contribution in key sectors of the economy, thus maximizing value for our investors and other stakeholders.

# Corporate Values



## Integrity and ethics

Integrity is the fundamental pillar on which we build all our relationships and operations. We are committed to acting honestly, transparently and responsibly in all our interactions, both internal and external. Guided by ethical principles, we make decisions and take actions that conform to the highest standards of conduct. We promote an environment where integrity is valued and encouraged, contributing to the creation of a solid and trustworthy corporate culture.



## Leadership

We foster the development of inspiring and motivating leaders at all levels of the organization. We believe that leadership involves empowering our employees, stimulating the generation of value, and creating an environment where each individual can reach his or her full potential. We value the ability to drive positive change, promoting collaboration and maintaining a strategic vision.



## Innovation and creativity

We believe that innovation stems not only from the adoption of advanced technologies, but also from human creativity and the willingness to challenge ourselves every day. We inspire our team to think outside the box and embrace the opportunities that change offers, promoting a proactive approach to continuous improvement. We constantly seek new ways to address challenges, anticipate market needs and offer cutting-edge solutions to our stakeholders.



## Fairness and respect

We value fairness and impartiality, committed to ensuring that every member of our team is treated with respect and dignity, regardless of their position. We promote fair treatment in all relationships. We encourage diversity, equity and inclusion, recognizing that the strength of our team lies in the multiplicity of perspectives and experiences.

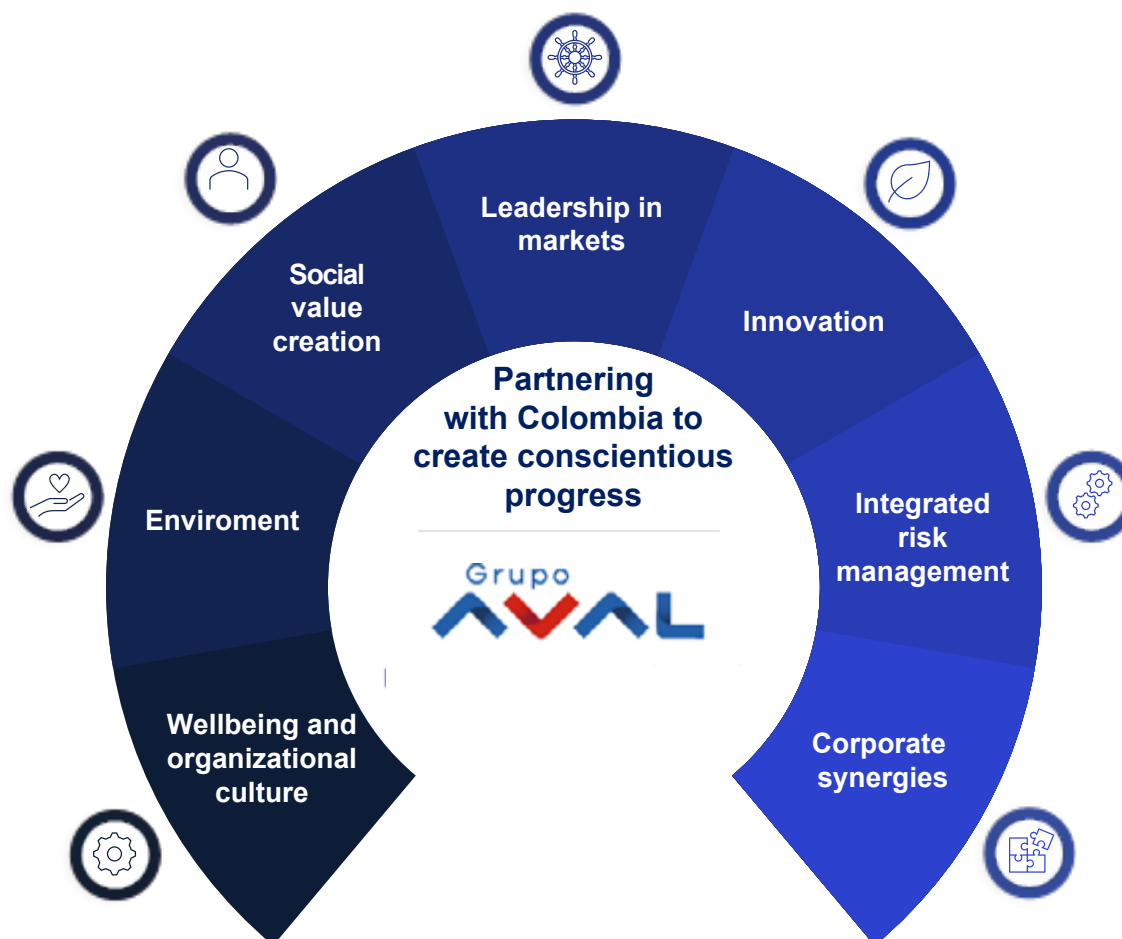


## Commitment to excellence

Excellence is a pillar that impacts every aspect of our management, dedicating ourselves permanently to achieve the highest quality standards in everything we do and in all facets of our organization. Excellence is the fundamental tool that drives us daily in our performance and differentiates us in the market, exceeding expectations and building a legacy of quality that lasts over time.

# Strategic Pillars

Within the framework of Grupo Aval's new mission and vision, and considering the corporate values that represent our organizational identity, we established seven strategic pillars that will allow us to direct our actions towards the fulfillment of our objectives and the purpose of creating conscious progress with all of Colombia.



## Market leadership

We believe in innovation as a constant search for new ideas, processes, products and technologies that add value to all participants in our business lines and to the organization. This allows the financial conglomerate to consolidate its relevance in the business environment, differentiate itself from the competition, adapt to changing market needs and anticipate future trends. We do not limit ourselves only to the development of new products, but also to the continuous improvement of existing services, the optimization of internal processes, the implementation of disruptive technologies and the exploration of new ways of interacting with our stakeholders.

## Innovation

We believe in innovation as a constant search for new ideas, processes, products and technologies that add value to all participants in our business lines and to the organization. This allows the financial conglomerate to consolidate its relevance in the business environment, differentiate itself from the competition, adapt to changing market needs and anticipate future trends. We do not limit ourselves only to the development of new products, but also to the continuous improvement of existing services, the optimization of internal processes, the implementation of disruptive technologies and the exploration of new ways of interacting with our stakeholders.

## Integrated risk management

We ensure the financial stability and integrity of the conglomerate while promoting an environment of profitable and sustainable growth in all the business lines in which we participate. We work in coordination with the entities that make up the conglomerate to develop the necessary capabilities in proactive, comprehensive and robust risk management, allowing us to identify, evaluate and adequately mitigate financial, operational, strategic and compliance risks, also considering environmental, social and governance (ESG) aspects, generating value in the short, medium and long term.

## Corporate synergies

We promote cohesion and work constantly to enhance operational efficiency in all the companies that make up the group, adopting a strategic approach that not only seeks to optimize their resources, but also to foster collaboration and the creation of shared value so that our clients benefit from the combined capabilities of the conglomerate. This allows us to consolidate our position as an integrated, agile and efficient business network that leads the markets in which it participates.

## Well-being and organizational culture

We focus on taking care of our most valuable asset: all our employees. Through proactive talent management, we ensure a safe, healthy and enriching work environment, promoting an organizational culture that fosters inclusion, equity and diversity. This culture contributes to the group's success by aligning employees with the organization's objectives and values, fostering collaboration, innovation and productivity, and promoting among us a high sense of belonging and commitment. We prioritize the well-being and quality of life of our team, promoting their personal and professional development in all facets of their interaction with the organization.

## Environmental setting

We recognize our capacity to support environmentally sustainable development, participating both directly and indirectly in the structuring, financing and execution of projects that contribute significantly to building resilience to the physical and transitional risks derived from climate change in the economies where we are present. In addition, both individually and organizationally, we are committed to the preservation and care of the environment through the responsible use of natural resources and the protection of our surroundings. This is achieved through the implementation of sustainable business practices, the reduction of emissions and the adoption of environmentally friendly technologies to minimize our ecological footprint.

## Social value generation

We are committed to driving inclusive socioeconomic development. This involves prioritizing the channeling of resources and expertise to initiatives that promote equal opportunities and improve the quality of life of communities. Our focus is on providing access to financial services, supporting sustainable ventures and promoting financial inclusion. In addition, we collaborate closely with key stakeholders, such as national, regional and local governments, non-profit organizations and other private sector agents, to design and implement innovative solutions that address the most relevant social and economic challenges in their environment, with the aim of generating a positive and lasting impact on social well-being and human development. In this way, we contribute to the growth and prosperity of the communities we serve.

# Sustainability Strategy

The Holding Company's Sustainability strategy is aligned with global and local changes in the industry. Our strategy has matured in ESG management since 2019, evolving from stage 1 (basic) to stage 4 (integrative). This improvement is the result of the implementation of actions aimed at strengthening collaborative relationships with the environment, validations with stakeholders, compliance with regulations and aligning business strategy and financial planning with material topics, tending to the generation of economic, environmental, and social value.

Over the next few years, we will continue to work to strengthen the Group's strategy, responding to the needs of the environment and our entities, through the continuous monitoring of the commitments made in order to reach the 5th stage of maturity (transformative).

## Double Materiality at Grupo Aval

3-1, 3-2

In 2023 we updated the materiality of the Holding, extending the scope of the exercise carried out in 2019, to the vision of double materiality. We did it following best practices in the sector, where we must consider not only the impact that the business can generate on the environment and society, but also the impact that the environment can generate on the business and financial materiality. The main inputs of the analysis were the relevant aspects expressed by the main stakeholders: entities, directors, collaborators, shareholders, investors, opinion leaders, government, and regulatory bodies. We collect this information through interviews, surveys, and workshops. We also consider the ESG actions of the entities, best practices adopted by companies in the sector at a national and international level, reference frameworks, regulators, and the challenges of the sector.



Based on this understanding, the following 10 material topics were defined in the Environmental, Social and Governance dimensions, which are managed, in part, through our entities.

| Material topics                                                        | Definition                                                                                                                                                                                                         | Scope                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Environmental dimension</b>                                         |                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                       |
| <b>Climate change management and mitigation.</b>                       | It refers to the management (measurement, reduction, and offsetting) of the organization's scope 1 (direct), 2 (indirect) and 3 (indirect value chain) greenhouse gases.                                           | Contribute to the transition to a low-carbon economy that is resilient to climate change, aligned with the requirements of applicable regulations.                                                                                                    |
| <b>Social dimension</b>                                                |                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                       |
| <b>Human talent.</b>                                                   | Management of the attraction, development, retention of talent by generating adequate working conditions and respect for human rights.                                                                             | Consolidate talent management by promoting health, occupational safety, and human rights.                                                                                                                                                             |
| <b>Diversity, Equity, and Inclusion.</b>                               | Promote policies, good practices, and programs that encourage the development of diverse, equitable, and inclusive spaces inside and outside organizations.                                                        | Encourage the integration, representation, and participation of stakeholders in Diversity, Equity, and Inclusion actions.                                                                                                                             |
| <b>Financial inclusion and education.</b>                              | Financial inclusion seeks to give more people access to the benefits provided by banking; and financial education is about developing skills to manage money responsibly and use financial products appropriately. | Through our entities, we contribute to the well-being of the population and the reduction of inequalities in the country, through financial inclusion and the development of financial knowledge for current and potential customers of the entities. |
| <b>Government dimension</b>                                            |                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                       |
| <b>Reputation &amp; corporate marketing.</b>                           | Development and implementation of strategies and actions that contribute to improving the internal and external perception of the company and its entities, positively impacting its reputation and positioning.   | Boost and improve the reputation and brand positioning of the group and its entities.                                                                                                                                                                 |
| <b>Ethics, corporate governance, compliance, and internal control.</b> | Internal control standards, policies and procedures that establish the rules of operation of the governing bodies, promoting transparent and honest management.                                                    | Incorporate ESG policies and procedures within the decision-making structure, strengthening the transparency of the organization.                                                                                                                     |
| <b>ESG risk management.</b>                                            | Consider ESG threats and opportunities in entities' risk management system.                                                                                                                                        | Integrate into the risk management system, the consideration of environmental and social aspects that may impact the financial performance of the organization.                                                                                       |
| <b>Sustainable finance.</b>                                            | It refers to the inclusion of environmental, social, and corporate governance criteria within the financing and investment decision factors.                                                                       | Through our entities, contribute to the transition towards a model of financing and conscious investment of the entities that promotes the progress of the country.                                                                                   |
| <b>Security, information privacy and data protection.</b>              | It refers to information protection measures that are applied to prevent unauthorized access to data, which can be found on computers, physical documents, databases, websites, among others.                      | Information protection practices and procedures.                                                                                                                                                                                                      |
| <b>Profitable and sustainable economic performance.</b>                | It is the ability to use assets to generate profits in the short and long term, strengthening the relationship with the various stakeholders.                                                                      | Monitoring of the financial indicators of the Group and the entities to generate profits by promoting technological innovation, strengthening the relationship with stakeholders.                                                                     |



## Action to Achieve the Sustainable Development Goals (SDGs)

As one of the largest financial groups in the country, we are aware of our responsibility to promote actions that contribute to the global goals set out in the United Nations Sustainable Development Goals (SDGs), as a roadmap

that puts people, planet, prosperity, and partnerships for development at the center. Under this premise, we went from directly impacting 7 SDGs in 2022 to generating actions, mainly, for 9 of the 17 SDGs in 2023.



We contribute to dignifying the health service in the country for all people, contributing to cancer research and treatment through the CTIC.



We promote and foster inclusive and equitable spaces through corporate policies and actions in Grupo Aval and its entities.



We develop new products and solutions for our clients aimed at achieving greater financial inclusion, leveraging technology to solve the needs of the country's population.



We seek to be facilitators in the processes of mitigation and adaptation to climate change, for which each of the entities designs strategies and measures its carbon footprint.



We generate alliances with key actors at the national and international level that have allowed us to promote actions with an environmental and social focus.



With the "Misión La Guajira" program, we started a project to bring solutions for access to drinking water to Raizal communities in this department.



We are one of the largest private sector employers in Colombia, with more than 74,000 employees.

Our investments, payment of taxes and the generation of quality employment are engines that multiply resources in Colombian society.



We provide opportunities to the Colombian population, striving to reduce banking gaps with financial solutions according to their needs, providing savings, investment, and financing options. We develop programs and initiatives with the aim of bringing alternatives to dignify their quality of life to communities in isolated areas of the country.



We have an organizational structure in accordance with all legal requirements. We adopt the best disclosure practices in corporate governance and information security for our clients. We carry out anti-corruption, anti-fraud, and anti-bribery risk assessments.





## ESG Endorsements and Rankings

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### UNEP FI



At Grupo Aval and Bancos Aval, we continue to work under the Financial Initiative of the United Nations Environment Programme UNEP FI, reaffirming our commitment to promote the transition to more sustainable global economies through our businesses.

### UN Global Compact



We are committed to meeting the Sustainable Development Goals (SDGs) and the universal principles of the United Nations Global Compact. We continue to adhere to the Compact and develop actions that have had a positive impact on the different stakeholders, communicating the challenges and importance of the 2030 Agenda on the financial sector.

### Dow Jones Sustainability Index



We participated for the fifth consecutive year in the Dow Jones Sustainability Index and obtained a rating of 49 points, a growth of 6 points compared to 2022. This evaluation has allowed us to understand the opportunities for improvement and design action plans aimed at closing gaps.

### MSCI



During 2023 we maintained the BB rating. In the Social dimension, we stand out for our actions in terms of: i) financial protection and customer privacy, ii) data security, and iii) social and ethical risk management. In terms of the Governance pillar, we stand out for our business ethics and anti-corruption policies.

# Stakeholder Management

2-29

Due to the turn of the business and in line with the review of material topics, in 2023 we carried out the redefinition of stakeholders, considering both those that generate direct action on the business and those that the business can impact. In this analysis we went from having 8 stakeholders to 7 that represent a fundamental role for the correct development of the business, as well as key actors for Grupo Aval such as: the Board of Directors, Government and regulatory bodies and opinion leaders.

For the Group, having a two-way and close relationship with our stakeholders allows us to understand their needs and expectations, and to work as a group to generate a positive social transformation in the country.

The evaluation yielded the following seven stakeholders.

| Stakeholder                         | Description                                                                                                                                                                                                                  | Communication channels                                                                                                                                                                                                                                       |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Board of Directors</b>           | Management team in charge of approving the policies, strategies, monitoring, and evaluation of the tasks proposed by the Senior Management of the Holding Company and its entities.                                          | Regular meetings<br>Board Committees                                                                                                                                                                                                                         |
| <b>Entities</b>                     | Companies over which we exercise control as a Holding Company.                                                                                                                                                               | Virtual and face-to-face Committees and meetings<br>Emails<br>Phone calls                                                                                                                                                                                    |
| <b>Shareholders &amp; Investors</b> | It is the company's shareholders and bondholders.                                                                                                                                                                            | Virtual meetings (Quarterly Earnings Calls)<br>Face-to-face meetings (shareholders' assembly)<br>Emails<br>Shareholders and investors hotline<br>Annual reports<br>Responses to requests<br>Website <a href="http://www.grupoaval.com">www.grupoaval.com</a> |
| <b>Employees</b>                    | It is the human team that makes it possible for the objectives of the companies to be met and who manage the projects in our entities.                                                                                       | Virtual and face-to-face meetings<br>Emails<br>Releases<br>Calls<br>Intranet<br>Endomarketing<br>Event: "I am Aval" Day                                                                                                                                      |
| <b>Thought Leaders</b>              | Mass and digital media and/or people, who publish information about us and/or our entities and that are important for brand and reputation management.                                                                       | Interviews<br>Press releases<br>Results reports<br>Website <a href="http://www.grupoaval.com">www.grupoaval.com</a><br>Virtual and face-to-face meetings<br>Press conferences                                                                                |
| <b>Government &amp; Regulators</b>  | Organizations that, due to the nature of the business, issue regulatory requirements and carry out constant and permanent monitoring of the financial and non-financial information of the Holding Company and its entities. | Reports<br>Response to requirements<br>Website <a href="http://www.grupoaval.com">www.grupoaval.com</a>                                                                                                                                                      |
| <b>Suppliers</b>                    | Those who provide us with inputs and/or services directly to the Holding Company and the entities.                                                                                                                           | Email<br>Phone calls<br>Website <a href="http://www.grupoaval.com">www.grupoaval.com</a>                                                                                                                                                                     |





**We make Group  
with leaders**

Grupo  
**AVAL**  
Hacemos grupo con todo el país

# Market Leadership



## Economic Environment

### International context

In 2023, the global economy surprised with a better-than-expected performance of activity, while a trend of moderating inflation took hold, which in any case did not prevent central banks from being cautious and maintaining and reinforcing their contractionary monetary policy with high interest rates throughout the year.

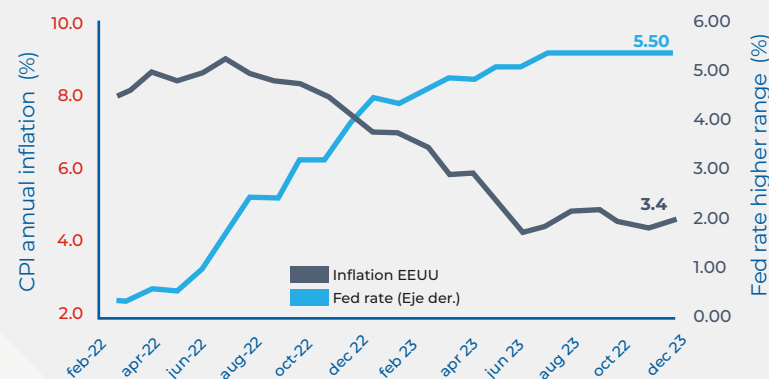
Although in 2023 global growth slowed to 3.1% according to the International Monetary Fund, compared to 3.5% in 2022, the result ended up being better than anticipated, although below the historical average (3.5% without pandemic). The recovery of the Chinese economy in the first part of the year after its late reopening and the resilience of the U.S. economy supported global growth, while in the Eurozone the consequences of the war between Russia and Ukraine affected activity.

The resolution of supply problems, with the normalization of global supply chains, and the reduction in commodity prices, allowed inflation to moderate throughout the year. This was mainly reflected in lower goods inflation, while services inflation continued to show pressures. Thus, it will be lower demand that will allow inflation to continue on its improvement path in 2024.

The complex macroeconomic balance, in which activity remained at acceptable levels, while inflation, although moderating, remained high, led central banks to continue with their cycles of interest rate increases, although expectations of early cuts were also evident. Meanwhile, in emerging economies, a few were able to reduce their interest rates as their inflationary risks were brought under control. In particular, Latin America led this process.

Geopolitical risks deepened, with the conflict between Israel and Hamas and its possible wider repercussions in the Middle East, adding to that of Russia and Ukraine. This remained relatively contained, but miscalculations among those involved could end up widening the conflicts and negatively impacting the global economy in 2024. In addition, the U.S. elections will also add uncertainty to the global context.

United States Fed rate and inflation



Source: Refinitiv Eikon. Corficolombiana Calculations.

## Proyecciones de crecimiento económico del FMI (%)

|                                        | 2022       | 2023 (p)   |
|----------------------------------------|------------|------------|
| <b>World output</b>                    | <b>3.5</b> | <b>3.1</b> |
| <b>Advanced economies</b>              | 2.6        | 1.6        |
| <b>United States</b>                   | 1.9        | 2.5        |
| <b>Eurozone</b>                        | 3.4        | 0.5        |
| <b>Japan</b>                           | 1.0        | 1.9        |
| <b>United Kingdom</b>                  | 4.3        | 0.5        |
| <b>EM and developing</b>               | 4.1        | 4.1        |
| <b>EM and developing Asia</b>          | 4.5        | 5.4        |
| <b>China</b>                           | 3.0        | 5.2        |
| <b>India</b>                           | 7.2        | 6.7        |
| <b>EM and developing Europa</b>        | 1.2        | 2.7        |
| <b>Rusia</b>                           | -1.2       | 3.0        |
| <b>Latin America and the Caribbean</b> | 4.2        | 2.5        |
| <b>Brazil</b>                          | 3.0        | 3.1        |
| <b>Mexico</b>                          | 3.9        | 3.4        |

Source: International Monetary Fund. January 2024.

## Local economic activity

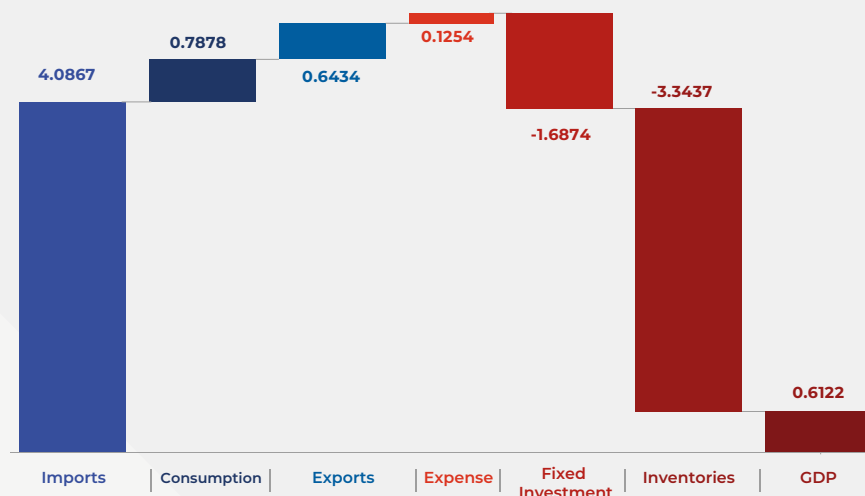
The Colombian economy decelerated to 0.6% annual growth in 2023, compared to 7.3% in 2022. The lower growth was the result of, among others, an adjustment of excess demand -particularly in private consumption- and a slump in investment, which moved further away from its pre-pandemic levels.

Domestic demand registered an annual contraction of 3.8% in 2023, explained by a 24.8% drop in gross capital formation (-8.9% in fixed investment), which partially offset increases of 1.3% in private consumption and 0.7% in government spending. This led to a correction of the trade imbalance, through a 14.7% drop in imports and a 3.1% increase in exports.

Thus, the greatest contributions to economic growth of 0.6% were generated, in order, by the balance of trade, private consumption and government spending, while investment subtracted 5.0 percentage points (p.p.). This low growth was related to high levels of activity.

On the one hand, the adjustment in household consumption was concentrated in durable and semi-durable goods, as high interest rates and the debt accumulated in previous years limited the spending capacity of families. Thus, retail trade in vehicles and computer goods contracted 26% and 11% during the year, in line with the reduction in consumer credit disbursements.

Contributions to GDP growth year-to-date in 2023



Source: DANE Calculations: Corficolombiana.

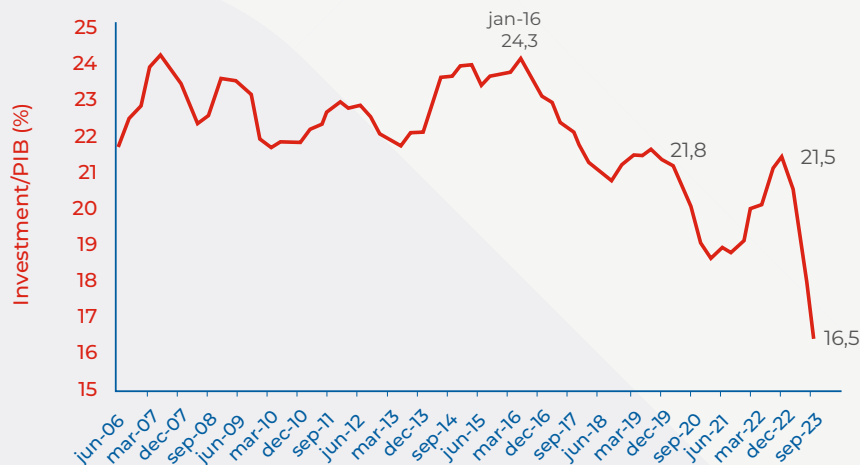
In contrast, private spending on services -restaurants, entertainment, health, transportation, among others- remained at high levels, thanks in large part to the surprisingly strong labor market.

Government consumption expanded 0.7% in 2023, where its positive contribution to growth came from an expansion in public administration, defense, health and education activities.

In contrast, investment contracted 24.8% in 2023, driven down by a sharp adjustment in inventories and an 8.9% drop in fixed investment. The poor performance occurred both in the machinery and equipment component -which had performed positively in 2022- and in civil works construction, which extended its negative trend in the absence of new infrastructure projects in the country.

Investment in housing construction was the only component that maintained positive growth, although it began to reflect the decline in sales in the sector, in a context of rising input prices, high interest rates and bottlenecks in the government's subsidy program. Thus, gross capital formation fell again below its pre-pandemic level, bringing the investment rate to a historic low of 17.8% of GDP in the year to December 2023.

Investment rate in Colombia\*



Source: DANE Calculations: Corficolombiana \*Twelve-month period

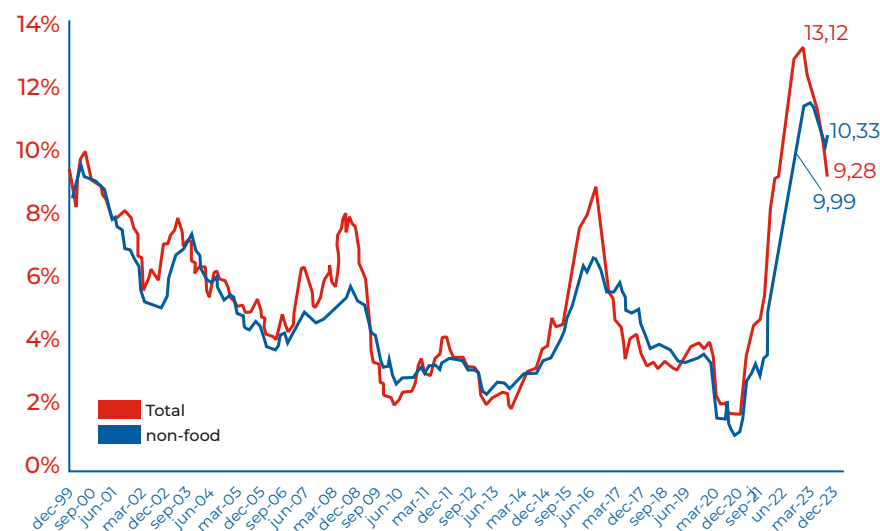
## Labor Market

The trend in productive activity has been reflected, with a considerable lag, in the dynamics of the labor market. The seasonally adjusted unemployment rate increased significantly in the second half of the year, from 9.4% in August to 10.8% in December. During this period, the number of employed persons decreased from 23.2 million in July to 22.6 million in December, which is equivalent to a destruction of 600 thousand jobs. Thus, the recent performance of the labor market is aligning with the slowdown in the growth of the Colombian economy from 7.3% in 2022 to 0.6% in 2023.

## Inflation and monetary policy

Inflation closed 2023 at 9.28%, below analysts' expectations. This trend was supported by a pronounced deceleration in food and goods, in which case the variation closed last year at 5.0% and goods at 7.1%. In contrast, services have receded at a slower rate and regulated services continue to accelerate their inflation due to the increase in electricity tariffs.

**Total and non-food inflation**



Source: BanRep Calculation: Corficolombiana.

The slowdown in total inflation originated mainly from the food component, which incorporated the mitigation of the input shock following the invasion of Ukraine, a good performance of agricultural supply in a framework of favorable weather conditions for production and a high statistical base. In particular, processed food inflation (which accounts for about 80% of the food basket) declined relative to its peak in 2022, reflecting lower input costs in livestock production (beef, chicken, pork, eggs and dairy), a good rice harvest and lower edible oil prices.

Goods was the second most important component in the deceleration of inflation, thanks to the correction in the prices of vehicles, personal care products, household cleaning products and clothing. Several of these goods faced unprecedented costs in 2022, also affected by a pronounced depreciation of the peso.

The services group showed a timid deceleration from the highs reached in August 2023. Although in December it closed with a 9.0% growth, this record is close to the 9.2% of the third quarter of last year. In effect, services incorporated strong indexation pressures to the inflation observed in 2022 and to the real increase in the minimum wage for this year, evident in the items of: i) leases, which represents a quarter of the CPI basket; ii) administration fees and other services related to co-ownership; iii) higher education fees, and iv) domestic service.

Finally, regulated goods and services consolidated as the main source of inflation, driven by a notable increase in the prices of gasoline, urban transportation fees and indexation in primary and secondary education. Annual inflation stood at 17.24%, confirming an uninterrupted upward trend since September 2021.

In terms of monetary policy, the Board of Directors of the Central Bank decided to continue with its cycle of increases until April 2023, raising the rate by 125 bp in the first four months of the year, and taking the intervention rate to 13.25%, the highest nominal level since the inflation targeting regime has been operating in Colombia. The above to reinforce the entity's commitment to meet the inflation target.

The Board of Directors of the Central Bank maintained a rate of 13.25% for most of the year and in December decided to reduce it by 25 bps. This decision was subject to inflationary convergence, lower analysts' expectations, weaker economic activity, looser international financial conditions and a sharp downward correction in the current account deficit



## Exchange rate

In 2023, the Colombian peso showed a significant appreciation against the dollar, higher than that of other Latin American currencies, which allowed the USDCOP exchange rate to close the wide differential against the region that was generated in the second half of 2022. The gap in the depreciation of the Colombian exchange rate compared to its counterparts decreased notably throughout 2023, from approximately 30% at the beginning of the year to 4% at the close of the year.

Similarly, Colombia presented a significant adjustment in the current account deficit in 2023, which we estimate will be 2.8% of GDP, compared to the 6.2% of GDP observed in 2022.

The performance of the exchange rate during 2023 was mainly explained by the weakening of the dollar at a global level, the important correction of the country's external imbalance and the lower perception of country risk, where the 5-year CDS decreased from 274 bps to 157 bps between 2022 and 2023.

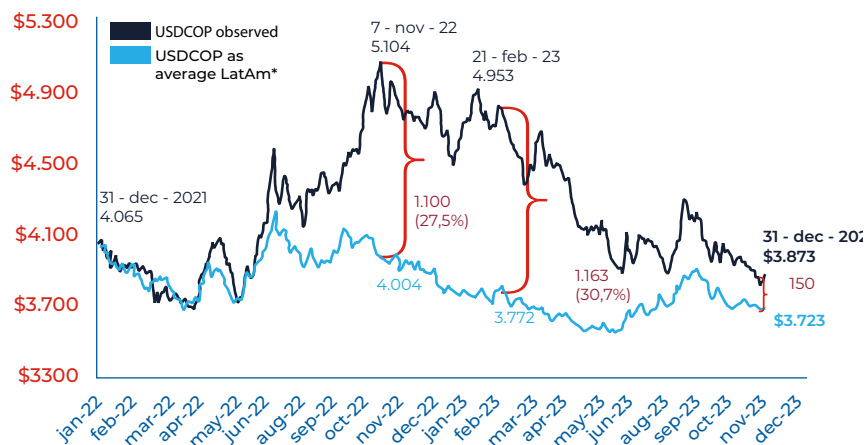
The above occurred in a context in which oil prices remained at historically high levels - during the year the Brent reference averaged 82 dollars per barrel - and this benefited the inflow of foreign currency to raw material exporting economies such as Colombia's, generating additional appreciation pressures on the currency.

## Fiscal accounts

In 2023, the process of adjustment of public finances to the shock generated by the pandemic continued. Recall that the Central National Government (CNG) deficit increased from 2.5% of GDP in 2019 to 7.8% of GDP in 2020, raising gross debt by almost 15 points, to an all-time high of 65% of GDP. Since then, the country has had two tax reforms, one in the administration of Iván Duque (Social Investment Law, 2021) and another in the administration of Gustavo Petro (Equality and Social Justice Law, 2022), both of which contributed close to 1.5 points of GDP to the closing of the fiscal deficit between 2022 and 2023.

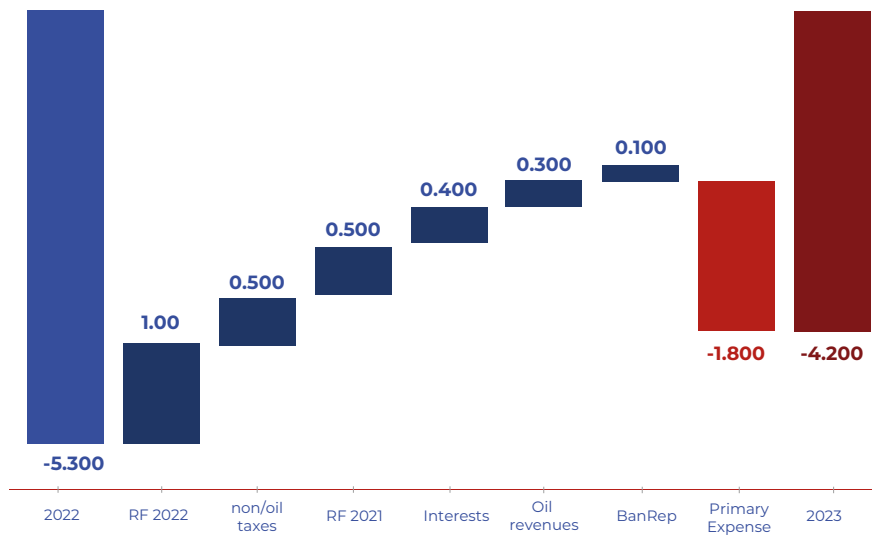
The 2023 fiscal accounts were better than projected in the Medium-Term Fiscal Framework (MTFF), presented in June. Although government revenues did not meet the target, expenditures lagged even further behind, which is reflected in a lower fiscal imbalance than expected. On the one hand, cumulative tax collections in 2023 grew at an annual rate of 22.1%, driven by a 42.6% increase in income tax reflecting the effect of the 2021 and 2022 tax reforms. However, external taxes fell 14.9% annually due to the poor dynamics of imports, while the VAT and the Tax on Financial Movements (GMF) began to incorporate the weakening of domestic demand. Thus, between January

USDCOP vs. Latam



Source: Refinitiv Eikon. Calculation Corficolombiana. \*Includes USDBRL, USDCLP, USDMXN y USDPEN

Breakdown of the change in the CNG deficit 2022 - 2023 (% of GDP)



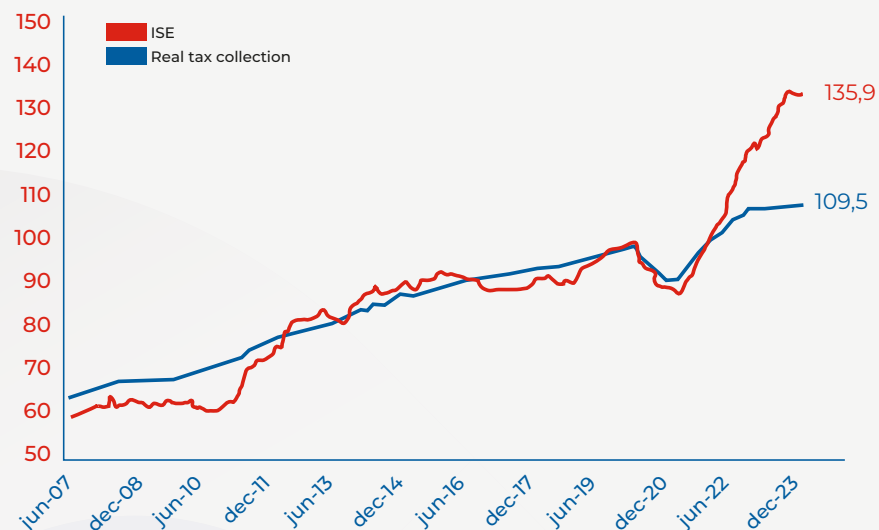


and December, income tax and internal VAT contributed, in their order, 19.3 percentage points (p.p.) and 4.3 p.p. to the total increase in tax revenues, while external taxes subtracted 3.2 p.p.

It is worth noting that the increase in tax revenues in 2023 contrasts with the weakness of the Colombian economy over the last year. The Economy Tracking Index (ISE) stalled since the second half of 2022, moving notably away from

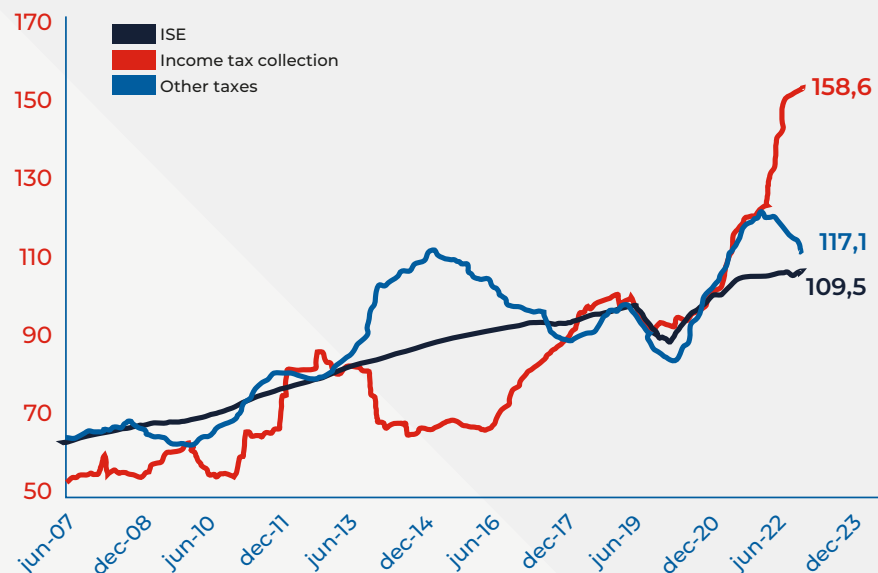
the growing trend of tax collection and marking an atypically high gap and much higher than that observed in the last decade. This divergence is due to the fact that the income tax was driving up total tax collection, thanks to the tax reforms of 2021 and 2022, while the other taxes are incorporating the lower dynamism of the economy during 2023.

ISE vs. real tax collection (2019 = 100)



Source: DANE y DIAN. Calculation Corficolombiana

ISE vs. income tax and other taxes (2019 = 100)



Source: DANE y DIAN. Calculation Corficolombiana

The good fiscal figures for 2023 were also due to the extraordinary fiscal contribution of the oil sector, as we warned a year ago, as a consequence of the good financial results of Ecopetrol and the other companies in the sector in 2022, and the increase in the tax burden on extractive activities generated by the 2022 tax reform.

The other reason why the fiscal closing in 2023 was better than expected in the MFMP has to do with the low budget execution, where the ratio of obligations over appropriations of the nation's General Plan ended 2023 at 85.8%, 4.9 p.p. below the average of the last 22 years (90.6%). Based on the above, the total CNG deficit was 4.2% of GDP in 2023, which is 0.1 p.p. lower than what the government projected in the MFMP.

This result incorporates the government's payment to the FEPC of approximately \$20.5 trillion in 2023 (1.3% of GDP), which reduces the contingent liability associated with fuel price subsidies in the country. One of the most important achievements of the Petro government so far has to do with the decisions taken to reduce the deficit in the FEPC, through increases in the price of gasoline that allowed adjusting the Producer Income (PI) to the export parity price and mitigating the growth of the liability in that fund.

## Competitive Environment

# Aval Banks



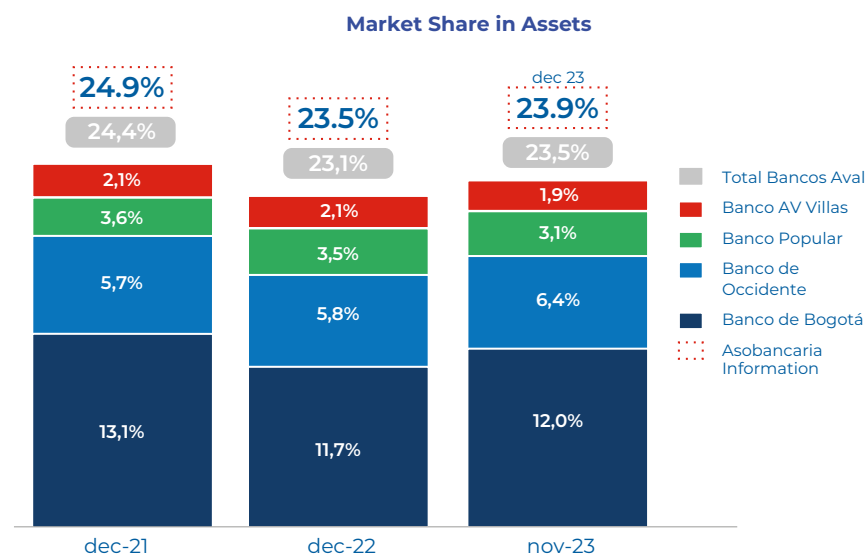
Below are the market shares of the Aval Banks. These figures were calculated with information from the separate financial statements reported to the SFC based on the International Financial Reporting Standards applicable in Colombia (NCIF) as of December 2021, December, 2022 and November 2023 (most recent information available). The financial system is defined as banks and commercial finance companies supervised by the Financial Superintendence of Colombia (SFC) at the end of each period.

Since the information of SFC at the end of 2023 was not available at the date of publication of this report, we have included in the graphs the calculation of market share as of December of each year according to the information of the banking system report published by the Colombian Banking and Financial Institutions Association (Asobancaria).



## Assets

At the end of November 2023, the Aval Banks had a combined asset share of 23.5%. As of this date, Aval Banks reached assets for a value of \$229.3 trillion, with a growth of 5.7% with respect to the closing of December 2022. The dynamics of assets is mainly explained by the performance of the net portfolio, which constitutes 66.8% of total assets. As of November, the financial system comprised by banks and commercial financing companies grew 3.6%, reaching total assets of \$974.8 trillion. The evolution of our market share of total assets is shown below.



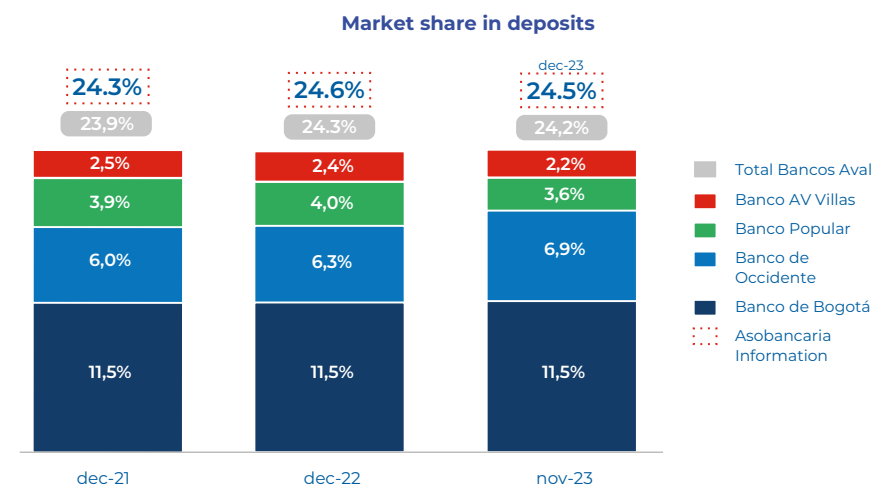
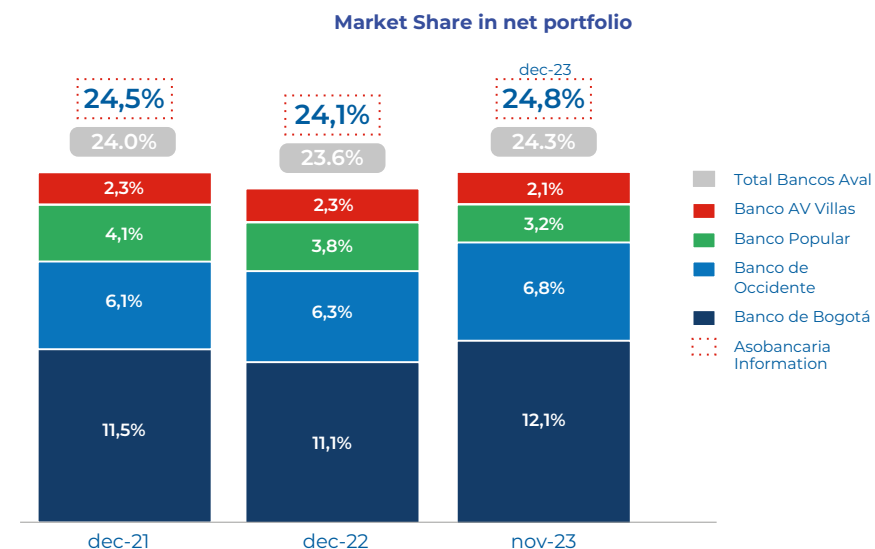
## Deposits

The market share of the Aval Banks' deposit balance as of November 2023 closed at 24.2%. The balance of deposits as of November 2023 of the Aval Banks amounted to \$159.2 trillion, with a growth of 8.0% with respect to the closing of 2022. Total system deposits reached \$658.1 trillion as of November 2023, growing 8.4% versus December 2022.

The evolution of market shares in deposits is presented below.

## Net Portfolio

Our market share as of November 2023 in net portfolio closed at 24.3%, consolidating a balance for Aval Banks of \$153.8 trillion. The balance grew 5.0% compared to December 2022, explained by the increase of the commercial housing for Mortgages portfolio, which grew by 6.3% and 8.7% respectively during the year. The net portfolio of the system reached \$630.8 trillion and presented an increase of 2.0% compared to December 2022.

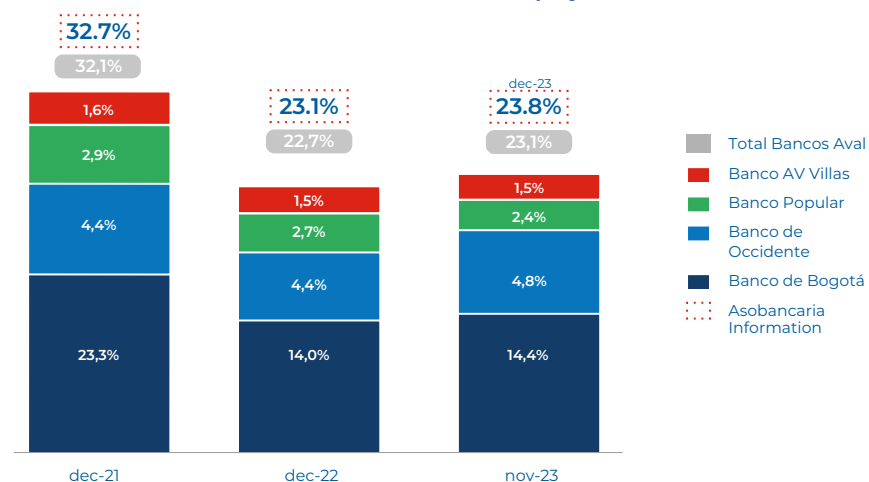


## Equity:

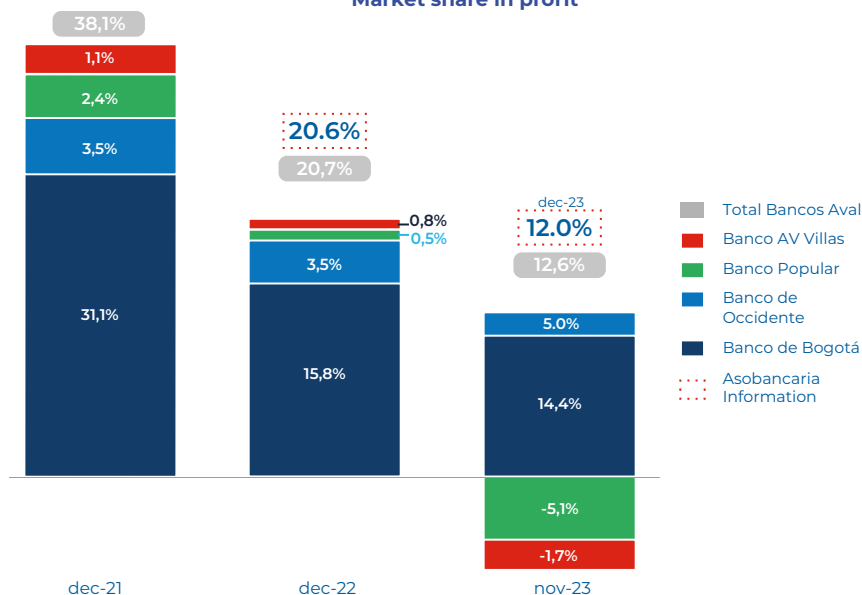
As of November 2023, the market share of our banks' equity was 23.8%. The sum of Aval Banks' equity closed at \$24.2 trillion as of November 2023, decreasing 0.5% versus the end of December 2022. The system's equity at the end of November 2023 was \$104.6 trillion, showing a drop of 2.5% compared to December 2022. Figures prior to 2022 incorporate 75% of BHI's equity in Banco de Bogotá since it had not yet been spun off.

The evolution of market share in equity is shown below.

### Market Share in Equity



### Market share in profit



## Net Profit

As of November 2023, the market share of Aval Banks' net profit stood at 12.6%, compared to 20.7% as of December 2022. By December 2022, according to information provided by Asobancaria, the Group's share in the sector's net profit reached 12.0%. The following shows our evolution in market share in net income. The results of our consumer banks were negatively impacted by the margin compression resulting from the accelerated and broad monetary policy cycle of the Central Bank during the last two years. Figures prior to 2022 incorporate BHI's discontinued profit in Banco de Bogotá, as it had not yet been spun off. We will analyze the results of these subsidiaries later in this section.

## AFP Porvenir

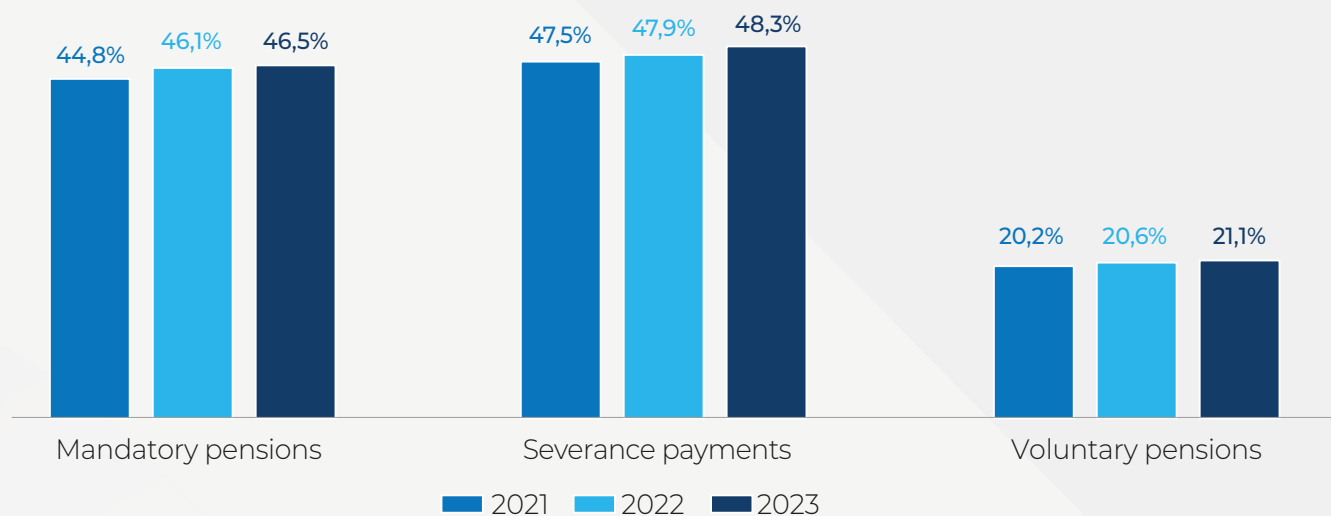
As of December 2023, Porvenir closes with \$203.6 trillion of assets under management (AUM) adding the mandatory pension, severance and voluntary pension products, being the leading Pension and Severance Funds Administrator (AFP) in the market with a 45.0% share of AUMs. At the end of December 2022, it had 11.6 million members of mandatory pensions, 5.4 million members of severance payments and 142 thousand members of voluntary pensions.

Below are the market shares of our Pension and Severance Funds Manager Porvenir:

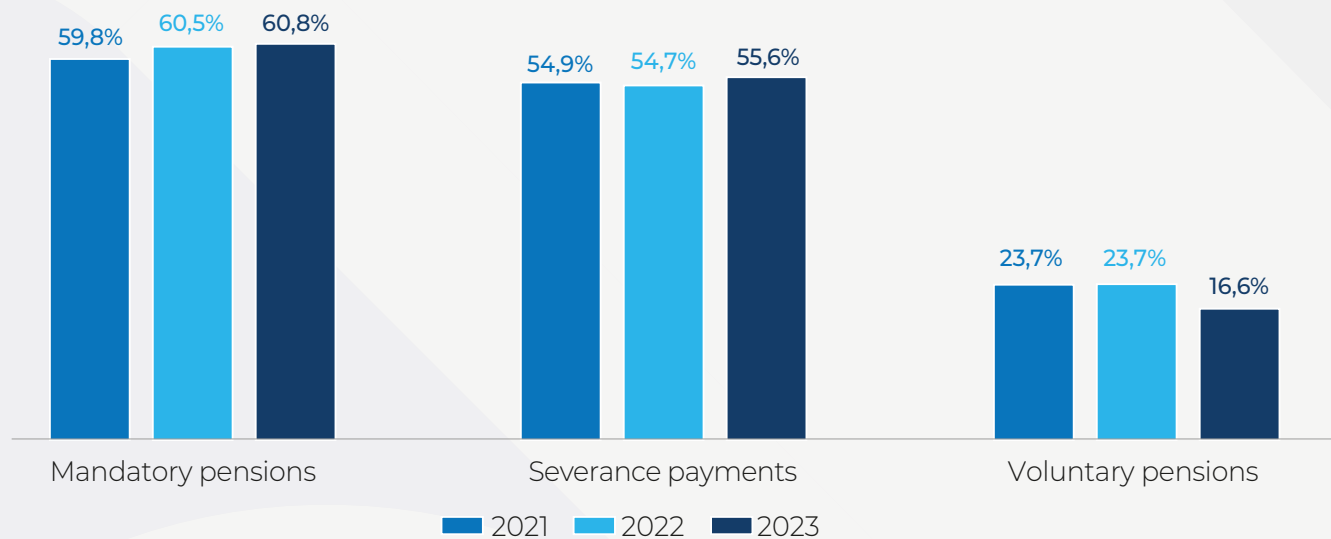


Below are the market shares of our Pension and Severance Funds Manager Porvenir:

### Market share in assets under management



### Share in affiliates

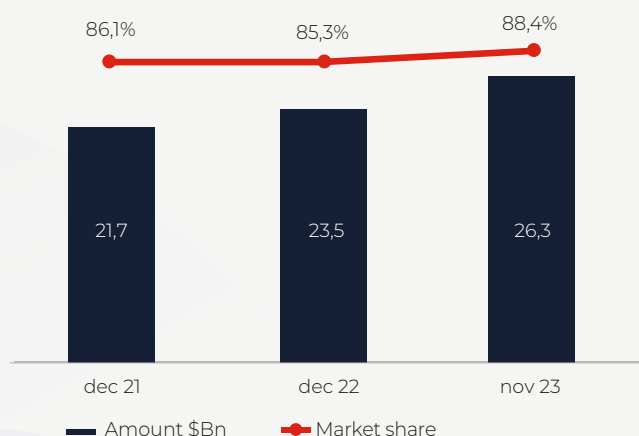


# Corficolombiana

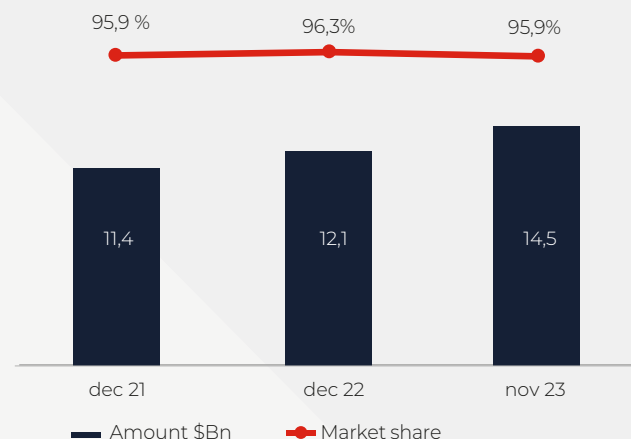
At the market level, Corficolombiana consolidated its position as the largest financial corporation in the country. At the end of November 2023, the corporation's separate assets reached \$26.3 trillion, increasing by 12.0% over December 2022 and representing 88.4% of total assets of financial corporations.

Finally, net income reached \$0.7 trillion as of November, 2023. This represented a share of 161.2% of the sector's net income, given the losses of some of its peers in the sector in 2023.

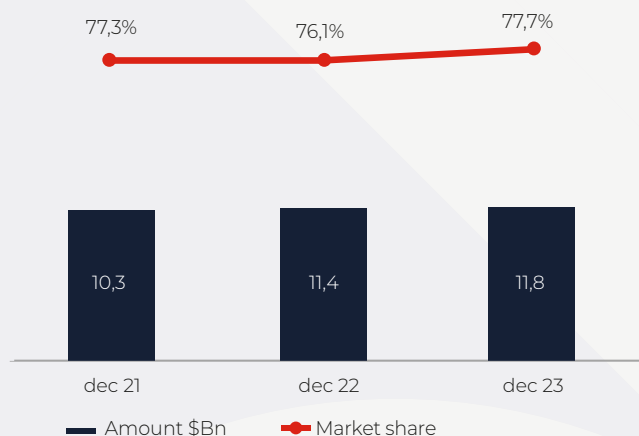
## Assets



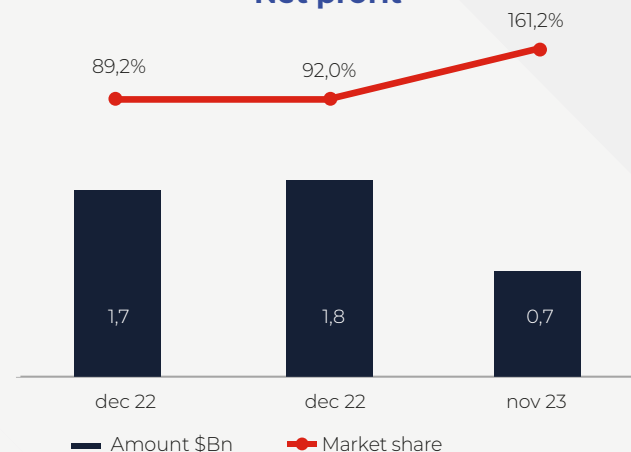
## Liabilities



## Equity



## Net profit





# Results at separate level - Grupo Aval Acciones y Valores S.A.

At Grupo Aval we invest in entities with outstanding long-term financial and commercial performance and we promote compliance with the highest standards in the sector, from a sustainability approach.

In addition, we seek to manage the entities in a coordinated manner, through communication spaces for the definition of joint initiatives that maximize the value generated for our shareholders and contribute to the economic and sustainable development of the country.

## Direct economic value generated and distributed

### 201-I

Below we present the distribution of our economic value at the Holding Company level, showing the impact of our management on our stakeholders.

| Economic value generated (Holding)    | Separate     | Percentage     |
|---------------------------------------|--------------|----------------|
| Equity method                         | 731          | 62.34%         |
| Other income from ordinary activities | 442          | 37.66%         |
| <b>Economic value generated</b>       | <b>1,173</b> | <b>100.00%</b> |
| Shareholders (*)                      | 570          | 48.60%         |
| Financers                             | 327          | 27.86%         |
| Suppliers (**)                        | 19           | 1.63%          |
| Employees (**)                        | 40           | 3.39%          |
| Taxes and contributions               | 63           | 5.36%          |
| <b>Economic value distributed</b>     | <b>1,018</b> | <b>86.85%</b>  |
| Depreciation and amortization         | 2            | 0.15%          |
| Reserves                              | 153          | 13.01%         |
| <b>Retained economic value</b>        | <b>154</b>   | <b>13.15%</b>  |

Note: Monetary values are stated in billions.

(\*) The Profit Distribution Project approved by the General Shareholders' Assembly is pending. Assumes a dividend of \$2 per share per month.

(\*\*) Employees: includes direct employees. Suppliers: includes temporary and outsourced employees.

The following is a summary of the main figures of our separate financial statements as of the end of 2023. The results presented are in accordance with the NCIF.

## Assets

As of December 31, 2023, our total assets stood at \$20.3 trillion, increasing 1.3% over the December 31, 2022 balance of \$20.0 trillion. The investments in subsidiaries are 91.8% of assets and represent our holdings in Banco de Bogotá (68.9%), Banco de Occidente (72.3%), Banco Popular (93.7%), Banco AV Villas (79.9%), Porvenir (20.0%) and Corficolombiana (8.7%).

## Liabilities

Total liabilities stood at \$3.1 trillion as of December 31, 2023 decreasing 0.3% or \$9.3 billion versus the balance as of December 31, 2022, mainly due to a 20.5% or \$267.3 billion contraction in dollar-denominated loans as a result of the appreciation of the peso, which was partially offset by a \$256.6 billion or 94.9% increase in dividends payable. This increase is explained considering that dividends on 2021 earnings were declared in shares payable in one installment in May 2022, while dividends on 2022 earnings were declared in shares and payable in equal installments between April 2023 and March 2024.

The following are the issues of Grupo Aval in the local market:

| Year                             | Issue date     | Expiration date | Amount issued (Millions) | Rate        | Calification                   |
|----------------------------------|----------------|-----------------|--------------------------|-------------|--------------------------------|
| 2009 Issue - Series A - 15 years | December, 2009 | December, 2024  | \$ 124.520               | CPI + 5.2%  | AAA-BRC Investor Services S.A. |
| 2016 Issue - Series A - 10 years | November, 2016 | November, 2026  | \$ 93.000                | CPI +3.86%  |                                |
| 2016 Issue - Series A - 20 years | November, 2016 | November, 2036  | \$ 207.000               | CPI +4.15%  |                                |
| 2017 Issue - Series A - 25 years | June, 2017     | June, 2042      | \$ 300.000               | CPI +3.99%  |                                |
| 2019 Issue - Series C - 5 years  | November, 2019 | November, 2024  | \$ 100.000               | 6.42%       |                                |
| 2019 Issue - Series A - 20 years | November, 2019 | November, 2039  | \$ 300.000               | CPI + 3.69% |                                |
|                                  |                |                 | \$1,124,520              |             |                                |

## Equity

At the end of December 31, 2023, shareholders' equity stood at \$17.2 trillion, increasing 1.6% or \$279.6 billion versus the shareholders' equity at the end of December 2022. The change in equity mainly reflects the increase on the value of investments resulting from applying the method of equity participation and the effect of the allocation of dividends on profits of 2022.

## Net Profit

Net profit in our separate financial statements is derived primarily from equity method income from our investments and other income, net of the Holding Company's operating, financial and tax expenses.

At the 2023 year-end we had net profit of \$723.0 billion, with a decrease of 71.6% before 2022. In terms of ongoing operations, the decrease is of 62.8%. Net earnings per share for the year 2023 was \$30.5 pesos.

## Commitments 2024

### Grupo Aval Holding Shares

- Continue strengthening the monitoring of the financial and commercial performance of the entities. In order to keep the entities' objectives aligned with those of our investors and thus ensure that risk-taking remains aligned with the Group's profitability expectations.
- Continue to support the entities in the implementation of new regulatory measures and capital optimization strategies, as necessary.

As of December 31, 2023, GAL's assets stood at U.S. \$0.9 billion. Among the main assets are U.S. \$520.0 million in investments in hybrid bonds of BAC International Bank, Inc. Additionally, GAL has a loan for U.S. \$270 million granted to Grupo Aval Acciones y Valores S.A. which was used by the Company to fund the loan extended to related parties in December 2022. The liability associated with the principal and interest of the above-mentioned bonds amounted to U.S. \$1.0 billion as of December 31, 2023.

## Principal maturity profile of financial obligations of Grupo Aval Acciones y Valores S.A. and Grupo Aval Limited

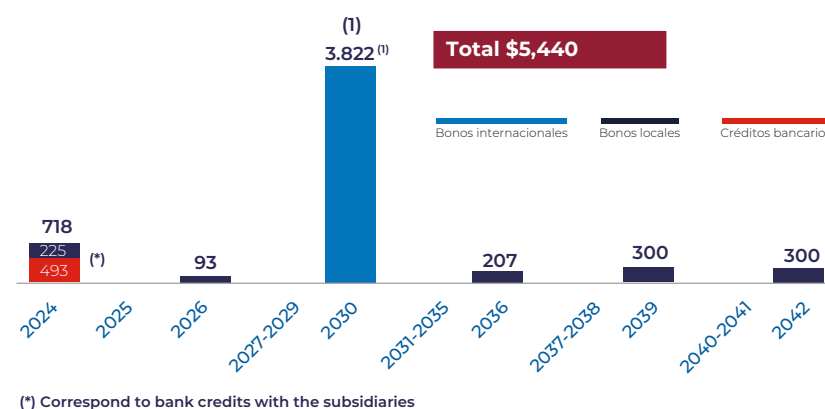
As of December 31, 2023 Grupo Aval and Grupo Aval Limited had a total combined indebtedness of \$5.440 billion, including interest. The following is the principal maturity profile of Grupo Aval and Grupo Aval Limited's financial obligations (billions).

## Combined figures for Grupo Aval Acciones y Valores S.A. and Grupo Aval Limited

### Key figures of Grupo Aval Limited (GAL)

Grupo Aval Limited (GAL) is an off-shore affiliate 100% owned by our company through which we have issued senior bonds in the international market, 100% secured by us. As of December 31, 2023, GAL had one outstanding senior bond issue with the following characteristics:

| Outstanding Issue | 2020             |
|-------------------|------------------|
| Term              | 10 years         |
| Maturity          | feb-30           |
| Amount            | U.S. \$1 billion |
| Coupon            | 4.375%           |



Source: Grupo Aval. (1) Corresponds to the issuance of U.S. \$1 billion in 2020 by GAL. Figures in dollars stated at the exchange rate of \$3,822.05 ruling as of December 31, 2023.

## Main indebtedness and debt service coverage metrics of Grupo Aval and Grupo Aval Limited (combined)

| Indebtedness and debt service coverage | 2021  | 2022  | 2023  | 2023 vs. 2022 |
|----------------------------------------|-------|-------|-------|---------------|
| Double leverage (1)                    | 1.29x | 1.29x | 1.22x | -0.07         |
| Net debt (2) / Flow income (3)         | 3.8x  | 5.9x  | 3.6x  | -2.22         |
| Net debt / Dividend flow               | 5.5x  | 10.8x | 5.7x  | -5.13         |
| Flow income / Interest expense         | 4.3x  | 2.0x  | 3.1x  | 1.11          |

(1) Double leverage calculated as the value of (i) investments in affiliates at book value, subordinated loans to affiliates, investments in hybrid instruments and goodwill, (ii) divided by shareholders' equity, (2) Net debt is calculated as total debt less cash and cash equivalents and fixed income investments. (3) Flow income is defined as recurring cash flow from dividends, investments and income from net operations.

The issuer did not present relevant changes in its liquidity and solvency situation during 2023. The evolution of the main indicators of double leverage, indebtedness and debt service coverage improved by the following events:



The appreciation of the peso decreased the value of investments in hybrid bonds since they are denominated in dollars



The flow income / interest expense ratio remained at levels above the level recorded in 2021. This ratio improved despite the high interest rates paid on the peso portion of the debt, which is mostly indexed to CPI and IBR. The annual average of both indicators was at historical highs for this century



The company's cash flow income increased as dividends were received in cash from Banco de Bogotá



## Trend information

2023 was the most challenging year for the banking sector in the last two decades and also for our “banking services” segment. The compression in the net interest margin of this operating segment was the result of the high level of interest rates and the competition generated by funding needs with greater benefit for CFEN compliance. Together, these situations led to an increase in the cost of funding in greater proportion to the increase in interest-earning asset rates. The compression was accentuated mainly in the portfolios of individuals and fixed-income investments, which are mostly at fixed rates.

According to figures reported by Asobancaria as of December 31, 2023, the gross portfolio of the banking system contracted 6.7% in real terms (-6.4% in commercial, -10.5% in consumer, -1.0% in housing for Mortgages and +2.1% in microcredit). In nominal terms, the system's portfolio increased by a timid 2.0%. The low growth resulted from negative factors such as i) a 4.8% contraction in the amount disbursed in portfolio (+11.9% in commercial portfolio and -37.0% in consumer portfolio) and ii) a 7.3% increase in the amount of written-off portfolio compared to 2022. These were partially offset by lower prepayments given the volume of loans taken in the last 3 years at historically low-rate levels.

In the combined Aval Banks, the gross portfolio increased 4.6% in nominal terms in 2023. The commercial portfolio increased 5.7%, the consumer portfolio increased 1.4%, the mortgage portfolio increased 9.9% and the microcredit portfolio increased 2.9%.

In terms of our banking services segment of our consolidated financial statements, gross loans increased 2.0% in 2023. The banking services segment consolidates, in addition to Aval Banks and its financial services subsidiaries in Colombia, other banking and financial services operations such as our local operation in Panama through Multi Financial Holding Inc. (MFH) and other operations of Banco de Bogotá and Banco de Occidente abroad. The commercial portfolio of our banking segment increased 2.6%, the consumer portfolio 0.6%, the mortgage portfolio 3.3% and the microcredit portfolio 3.7%. The 20.5% appreciation of the peso negatively impacted our

dollar-denominated portfolio, which increased 7.4% in U.S. \$ terms and as of December 31, 2023 represented 15.3% of the segment's gross portfolio.

The spread between the implied portfolio rate and the banking services segment's cost of funding decreased 8 bps to 4.9%, while the segment's total NIM increased 8 bps to 4.2%. Portfolio NIM contracted 2 bps to 4.8%; while commercial NIM expanded 86 bps to 4.77%, retail NIM contracted 116 bps to 5.0%. Meanwhile, the NIM of investments in this segment increased 52 bps to 0.9%.

We expect a normalization of the distortions introduced by the accommodation of the system to the final phase of the CFEN regulation. The concentration of CDT maturities in the market has been decreasing as banks have opted to raise funds for terms longer than one year, avoiding a repetition of what happened between July and October 2023, when the institutional CDT market concentrated maturities of \$38.5 trillion, equivalent to slightly more than 10% of the system's outstanding CDT balance at the end of June 30, 2023.

The combination of a less restrictive monetary policy and the normalization of deposit-taking prices, in addition to the possible reopening of the primary debt securities market, give us a favorable outlook in terms of the NIM of our banking services segment. We anticipate a progressive improvement in this indicator throughout the year, with divergent trends between our commercial and retail portfolios (which include consumer, housing for Mortgages and microcredit). The commercial portfolio represents 58.0% of the portfolio of this segment, of which 83.7% is indexed to variable rates, mostly to the 3-month IBR or the DTF, both indicators move in synchrony with the movements of the Central Bank rate. In contrast, retail loans are mostly at fixed rates. The magnitude of the increase in the NIM of this segment will depend on our ability to reprice liabilities at a faster rate than assets.

The cost of risk for the banking services segment was 2.3% for 2023, 92 bps higher than in 2022. The increase in expected credit loss (ECL) was the result of a weakening economy and weakening financial conditions for our customers (corporate and household). Although the quality measured by stage improved, with stage 1 loans reaching 88.4% of the total compared to 87.1% in 2022, there was evidence of a shift of clients to higher probabilities of default (PI) within stage 2 and the shift of a relevant portion to stage 3, which has already been or will be written off.

Impairment was greater in free investment loans and credit cards, while products such as payroll-backed loans had a moderate deterioration in the midst of a credit cycle that affected the Colombian financial system as a whole. Although we have seen some positive signs in the evolution of the quality of the consumer portfolio, the recent results of economic growth do not have conclusive elements that allow us to assert that the peak of deterioration has already occurred. The performance of the cost of risk for 2024 will depend to a large extent on the evolution of yields in these products and on the evolution of the credit quality of companies, especially those belonging to the SME and corporate segment. For more information related to the management to mitigate these risks, please refer to the "Relevant Risks" section of this management report.

Net income from trading activities presented episodes of high volatility throughout the year, in line with what is described in other sections of this management and sustainability report. The result of these operations incorporates the valuation at fair value of investment financial assets and the result of operations with derivatives. It is worth remembering that the results of hedging mechanisms for these items are accounted for as part of the foreign exchange results, included under other income in our consolidated income statement.

We continue to focus part of our efforts on rigorously controlling growth in operating expenses in 2023. Other expenses in the banking services segment grew 12.4% compared to 2022, pressured by two inflexible expense categories such as operating taxes (ICA, VAT and GMF, among the most relevant) and deposit insurance, which together explain close to half (6.1 percentage points) of the growth in expenses. Looking ahead to 2024, we expect an expense growth below 2023 inflation of 9.28% as savings from initiatives executed throughout 2023 materialize and considering that we expect a lower increase in operating tax expenses, with the rest of the expenses contributing 6.4% of expense growth.

In 2023, Grupo Aval's financial corporation segment (which refers to Corficolombiana and its subsidiaries) reflected a relevant contribution from infrastructure projects and its energy and gas businesses. Net revenues from the sale of goods and services of this segment decreased \$1,356.2 billion or 27.5% to \$3,572.1 billion. The infrastructure sector reduced its contribution



during 2023 mainly due to the fact that some concession agreements are subject to the behavior of expected inflation or include components in dollars, and both inflation and the exchange rate in Colombia decreased during the year; in addition, concessions such as Coviandina moved to the operation phase (which is of lower contribution under IFRS 15). However, given that a majority portion of the dollar exposure of these concessions is hedged, the drop in gross income from sales of goods and services was mitigated. The net result between operations with derivatives and exchange difference of the infrastructure sector increased \$808.4 billion, going from a net expense of \$97.8 billion in 2022 to a net income of \$710.7 billion in 2023. In addition, Corficolombiana and its subsidiaries were strongly affected by the higher funding cost. Net interest expense (income - interest expense) for this segment reached \$2,164.4 billion, an increase in net expense of \$967.9 billion or 80.9%.

We anticipate that the result of real sector operations reflected in this segment for 2024 will be lower than that observed in 2023. First, Coviandina completed its construction phase in the second half of 2023 and will reduce its contribution to earnings in 2024. On the other hand, as work on Covioriente and Covipacifico nears completion, construction revenue will be lower than in 2023. Locally, new initiatives on the road infrastructure front are subject to the country's infrastructure agenda, which so far has had low dynamism. We continue to look for alternatives in other markets to diversify our portfolio of infrastructure projects. As for the funding cost of this operating segment, we expect it to begin to decrease rapidly at the level of the operating subsidiaries, whose indebtedness is tied to the IBR or the DTF. We anticipate a gradual improvement in the interest margin of the parent company Corficolombiana, as the CDTs captured during the period of high interest rates mature (for those captured with fixed rates) and as inflation corrects (for the funding tied to the CPI or IBR).

Our pension and severance fund management segment had positive results in 2023, after having recorded the lowest profits in the last decade in 2022. The good returns of the managed funds allowed our administrator to benefit through the stabilization reserve. It should be remembered that the AFPs must invest an important part of their assets in the funds managed as a stabilization reserve, with the same fate as their affiliates. The returns were over 12% in 2023 and helped members and Porvenir to recover what was lost a year ago, when returns were low and even negative at times. The favorable

evolution of employment and the number of contributors allowed for a good performance of fee income.

Porvenir's clients in mandatory, voluntary and severance pensions as of December 31, 2023 reached 17.1 million (an increase of 3.0%). This resulted from (i) an increase of 225 thousand members in mandatory pensions to 11.6 million members, (ii) an increase of 328 thousand clients in severance funds to 5.4 million, and (iii) a decrease of 56 thousand clients in voluntary pensions to 142 thousand clients.

Grupo Aval's results in the following years will be largely dictated by the performance of our banking services segment. In that sense, they will depend on the evolution of credit volumes, deposit volumes, intermediation margins, cost of risk and operating expenses in general. The results of our financial corporation segment will be tied to the behavior of its operations in the infrastructure sector (work progress, inflation, exchange rate and new projects) and in the energy and gas sector (volumes and prices of gas distribution and transportation), in addition to the evolution of the funding cost of these and of Corficolombiana. These results will be affected to a lesser extent by the performance of the tourism and agribusiness sectors. The future results of the pension and severance management segment will depend to a great extent on (i) the performance of the labor market and the flow of commissions obtained from contributors and dismissed members, (ii) the performance of the national and international stock markets, and (iii) potential changes to the current regulation of the AFPs.

# Consolidated results - Grupo Aval and subsidiaries

The following is the summary of consolidated results at the 2023 year-end. The results presented are consistent with IFRS. The figures presented are stated in billions of pesos, except where otherwise indicated.

## Assets

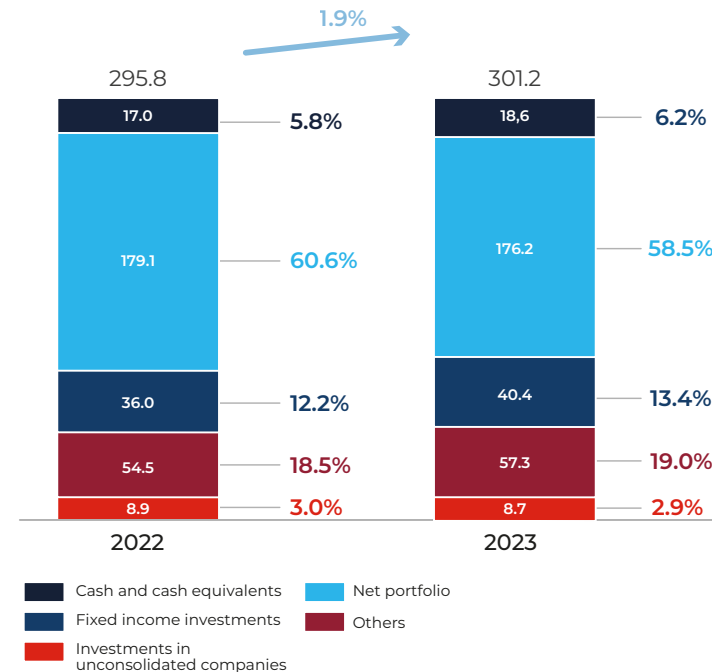
At the end of 2023, our assets will amount to \$301.2 trillion, with an annual growth of 1.9%. This growth was leveraged on the fixed income investments, which represented 13.4% of total assets compared to 12.2% of 2022, increasing 126 pbs its share in the composition of the asset.

ElCash and cash equivalents accounted for 6.2% of total assets, the net portfolio 58.5% and other assets reached 19.0% of the total assets. Other assets include tangible, intangible and other assets.

The net portfolio reached \$176.2 trillion, decreasing 1.6% or \$2.9 trillion for the year. The \$5.6 trillion decrease in the repo balance explains this contraction. The repo and interbank balance at the end of 2022 was atypically high as a result of the resources that entered Banco de Bogotá from its participation in the IPO for BHI. This liquidity was used during the course of the year. On the other hand, the net portfolio excluding repos and interbank increased by 1.5% or \$2.6 trillion.

The weak 0.6% growth of the Colombian economy, the accelerated increase, high level of interest rates and the cost of living and the higher tax burden, negatively impacted households and companies. This implied a slowdown in the pace of consumer disbursements and a deterioration in the quality metrics of the portfolios and, therefore, an increase in provisions higher than the growth of the gross portfolio. As for the seasonality of growth, it was less dynamic during the second half of the year, consistent with the

## Composition of assets



behavior of the economy. Additionally, the performance by quarters was marked by the behavior of the exchange rate and its effect on portfolio growth. The gross dollar-denominated portfolio, which includes both that of foreign agencies and entities and that registered in local books, represents about 16.5% of the total portfolio

The gross portfolio reached \$185.8 trillion, growing 1.9% in the year. The portfolio expansion occurred in all portfolio types (commercial, consumer, mortgage and microcredit).

By type of currency, the peso-denominated portfolio grew 5.7% and the dollar-denominated portfolio decreased 13.9% due to the appreciation of the peso. The dollar-denominated portfolio grew 8.4% in dollars.

The commercial portfolio amounted to \$107.0 trillion, representing 57.6% of the gross portfolio and growing 2.2%. Of the total commercial portfolio, \$82.8 trillion is denominated in local currency and \$24.2 trillion is denominated in dollars. The peso-denominated commercial portfolio grew 7.4% while the

dollar-denominated portfolio decreased 12.5%. Excluding the appreciation of the peso, the dollar-denominated portfolio grew 10.2%.

The consumer portfolio grew 1.0% to \$60.0 trillion, representing 32.3% of the gross portfolio. This growth was mainly in the free investment and credit card products, which grew by 6.0% and 8.2%, respectively. The peso-denominated consumer portfolio, which represents 94.3% of the consumer portfolio, grew 2.3%, while the dollar-denominated portfolio decreased 16.9%. Excluding the appreciation of the peso, the dollar-denominated portfolio grew 4.6%.

The mortgage portfolio reached \$18.5 trillion, showing a growth of 3.4% and accounting for 9.9% of the gross portfolio. The peso-denominated mortgage portfolio, which represents 83.1% of the housing for Mortgages portfolio, grew 10.2% while the dollar-denominated portfolio decreased 20.7%. Excluding the appreciation of the peso, the dollar-denominated portfolio decreased 0.2%.

The past-due portfolio over 90 days reached 3.98%, increasing 73 pbs compared to the closing of 2022 as a result of the impairment of consumer portfolios, mainly free investment and credit cards

## Liabilities

Total liabilities grew by 1.8% reaching \$269.7 trillion at year-end.

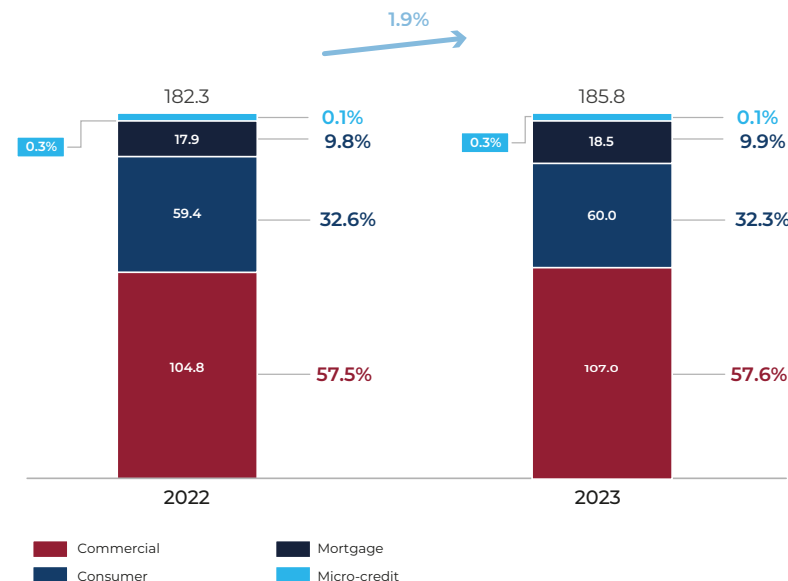
Total funding (deposits, money market operations, bank credit, bonds, obligations with development entities) accounted for 91.8% of total liabilities, while 8.2% corresponded to other liabilities.

Total funding grew by 0.8% reaching \$247.5 trillion at the end of 2023. 76.6% of the total funding is denominated in pesos and 23.4% in dollars. Deposits represent 73.5% of the total funding compared to 70.6% of 2022.

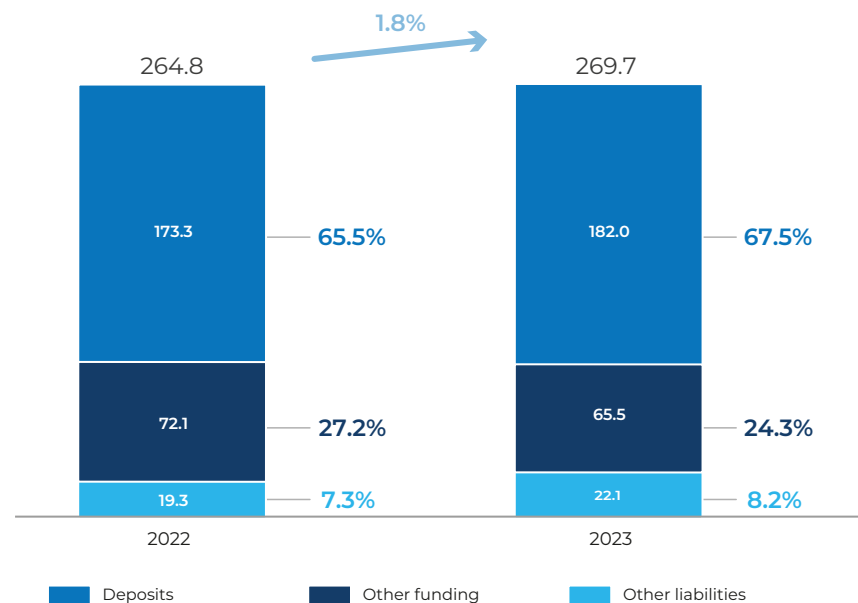
On its part, the balance of interbank and overnight funds grew 66.0%, increasing their share of total other funding by 1,041 bps. Bank loans decreased by 26.7%, decreasing their share by 813 bps. At the same time, the balance of bonds contracted 17.4%, decreasing its share by 358 bps. Peso-denominated bonds decreased 12.4% and U.S. \$ denominated bonds decreased 20.5%, explained by the appreciation of the peso

Our entities captured deposits at a higher rate compared to portfolio growth, ending the year with a ratio of deposits to net portfolio of 1.03x, higher than the 0.97x ratio of 2022. This performance was largely explained by the adjustment to CFEN's regulatory changes.

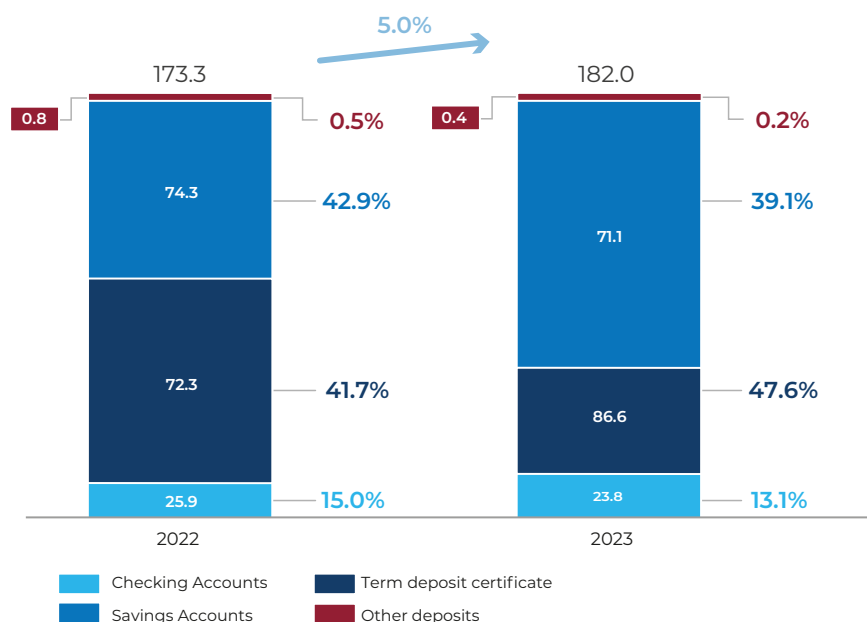
## Composition of liabilities



## Composition of deposits



## Composition of deposits



Deposits reached \$182.0 trillion, with an annual growth of 5.0%. During 2023, the share of term deposits continued to increase, given the environment of higher rates. Eighty-five percent of deposits are denominated in pesos and 14.9% in dollars. Peso-denominated deposits grew 9.0% and dollar-denominated deposits decreased 13.4%. Excluding the appreciation of the peso, dollar-denominated deposits grew 9.0%.

Term deposits gained 589 bps of total deposits, growing 19.8% during the year, compared to a 5.3% contraction in demand deposits (savings and checking accounts). Thus, savings and checking accounts presented a reduction in their share of the mix of 376 bps and 188 bps, respectively.

## Equity

Total equity closed the year at \$31.5 trillion, registering a growth of 2.3%. Attributable equity grew by 1.9% reaching \$16.8 trillion.

## Income Statement

Attributable net income reached \$739.0 billion in 2023, presenting a contraction of 70.2% compared to the \$2,282.9 billion at the end of 2022 or 60.9% compared to the income from continuing operations that reached \$1,888.9 billion in 2022. It



is worth remembering that as a result of the divestment of BHI in 2022, Banco de Bogotá and Grupo Aval recognized equity method earnings and realized the other comprehensive income (ORI) associated with the investment, classifying them as earnings from discontinued operations.

The return on average assets (ROAA) presented a contraction of 90 bps reaching 0.7% for 2023 and the return on average attributable equity (ROAE) reached 4.5%.

The analysis below is based on the results of continuing operations only.

The net interest margin, defined as the difference between the average portfolio rate and the average cost of funding, contracted by 45 bps during the year, decreasing from 5.1% in 2022 to 4.6% in 2023. This contraction was the result of a 403 bps increase in the cost of funding, which reached 9.2%, and a lower expansion of the average portfolio rate, which closed at 13.8%, increasing 358 bps. As mentioned above, this result was relatively stable in the banking segment. However, the higher financial cost of financing activities in the non-financial sector of the financial corporation segment, which is not offset by interest income, negatively affected the total consolidated result.

When analyzing the evolution of the profitability of the portfolio, the rate of the commercial portfolio increased by 358 bps during the year, reaching 13.6%, taking



into account that most of these obligations are at floating rates. On the other hand, the consumer portfolio rate increased by 248 bps and the mortgage portfolio rate increased by 96 bps, reaching rates of 15.3% and 9.3%, respectively.

During 2023, the environment of high rates was maintained as a result of the monetary policy of the Central Bank to reduce inflation, exacerbated by the distortions caused by the changes in the calculation of the CFEN, which caused a significant increase in the cost of funding. Savings accounts increased their cost 349 bps, term deposits 537 bps and checking accounts 22 bps during the year, reaching an annual cost of 8.4%, 11.9% and 2.6%, respectively. The cost of deposits reached 9.9% in 2023 compared to 5.5% in 2022. The cost of funding reached 9.1% in 2023 compared to 5.1% in 2022.

As a result, consolidated net interest income decreased \$1.5 trillion or 18.8% to \$6.3 trillion in 2023. Including the net gain on marketable investments, net interest income increased \$0.2 trillion or 2.4% to \$8.0 trillion in 2023. This reflects the good performance of the portfolios at fair value through profit or loss in Grupo Aval's different operating segments.

The return on investment portfolios (including VRP&G, VRORI and Amortized Cost) increased 464 bps during the year, standing at 9.3%; the favorable performance of the equity and fixed income markets allowed the improvement of the net investment margin which reached 1.2%, increasing 131 bps compared to -0.1% in 2022.

The 2023 net cost of risk was 2.3% compared to 1.5% in 2022. This increase was associated with the increase in the probability of default on the unrestricted and credit card portfolios classified as stage 2 and the additional credit provisions on these products that advanced to stage 3. Given the portfolio deterioration, net portfolio provision expense increased \$1.7 trillion or 69.4%.

Net commission and fee income grew 15.5% from \$2.9 trillion to \$3.4 trillion. The increase in transactions and the use of banking services allowed a growth of 11.4% or \$278.0 billion in banking commissions. On the other hand, the good performance of the capital markets allowed for a 31.1% or \$109.9 billion increase in income from trust and portfolio management activities. Finally, Porvenir's commission income grew by 10.1% or 93.1 billion due to the good performance of the collection of mandatory pension contributions from customers and the good performance of commissions from unemployed members as a result of the favorable market dynamics during the year.

In 2023, net revenues from sales of goods and services (non-financial sector) decreased by 29.2% or \$1.3 trillion reaching \$3.2 trillion. The infrastructure sector reduced its contribution during 2023 mainly due to the fact that the contracts of some concessions are subject to the behavior of inflation or include components in dollars, and both inflation and the exchange rate in Colombia decreased during the year; additionally, concessions such as Coviandina moved to the operation phase. However, since a majority portion of the dollar exposure of these concessions is hedged, the drop in gross revenues from sales of goods and services was mitigated. The combined increase in income from derivative transactions (recorded under net income or expense from marketable financial assets or liabilities) and foreign exchange income (recorded under other income) reached \$808.4 billion specifically in the case of the infrastructure sector.

During 2023, expense optimization plans continued in our affiliates, total expenses grew 12.6%. The 17.9% growth in administrative expenses was mainly determined by the 39.4% annual increase in operating taxes, particularly the ICA, and the 23.3% increase in deposit insurance. These expenses represented 20.5% of total expenses. Excluding these expenses, total expenses grew by 8.1%, well below inflation of 13.12% in 2022, even considering the effects of indexation. Personnel expenses grew by 7.8% despite a 16% increase in the minimum wage. The ICA is determined based on gross income and does not reflect the higher cost of deposits. Additionally, it was affected by a high rate increase by some regional administrations

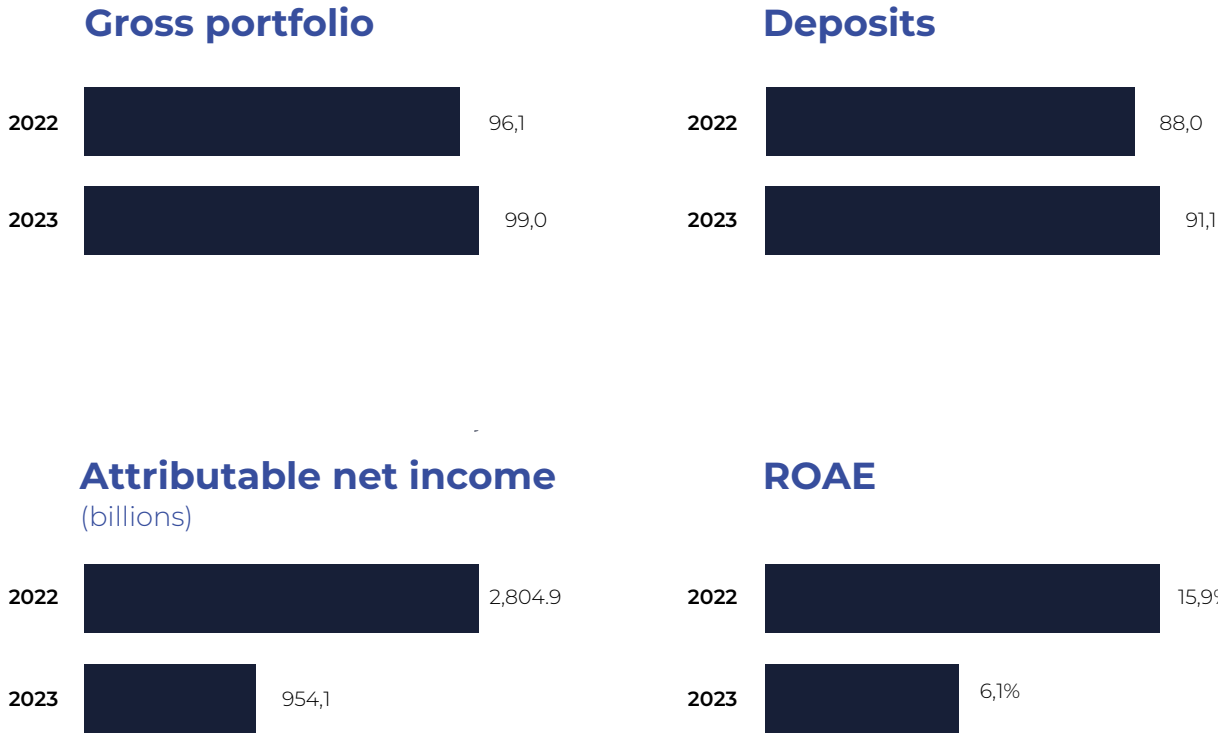


# Performance of our subsidiaries

In this section we present the results of our main affiliates. The figures contained in this section follow the presentation structure of the Statement of Financial Position and Income Statement reported in our audited financial statements and may differ from the structure presented in Note 31 of our audited financial statements since they aggregate external revenues and intersegment revenues.







EBanco de Bogotá, founded in 1870, is the oldest financial institution in Colombia and the third largest bank measured by gross portfolio, with a 12.3% share as of December 31, 2023. It is a full-service bank with national coverage and a broad portfolio of services and products. Banco de Bogotá serves all market segments. Although its historical emphasis had been on the commercial portfolio of the corporate segment, the bank has expanded its segment base and its product offering, especially in the consumer and housing for Mortgages portfolios. As of December 31, 2023, Banco de Bogotá had a market share of 15.5% in commercial loans, 9.8% in consumer loans and 8.5% in housing for Mortgages. At the same date, Banco de Bogotá had a market share of 11.8% in deposits. As of December 31, 2023 and for the year ended on that date, Banco de Bogotá had total consolidated assets of 137.5 trillion and attributable net income of 954.1 billion, on a consolidated basis.

Banco de Bogotá's strategy places the customer at the center, continuously monitoring the main industry trends, evaluating its value proposition, enhancing its products, initiatives and efforts. In 2023, Banco de Bogotá launched a digital checking account and a digital line of credit for SMEs. Regarding its offering for personal banking customers, the Bank enhanced its "Mi trabajo" digital savings account, a payroll account independent of employer agreements, and its "Cero Rollo" credit card, with limits of up to 6 million pesos, no management fees and automatic deferral of purchases to 36 months.

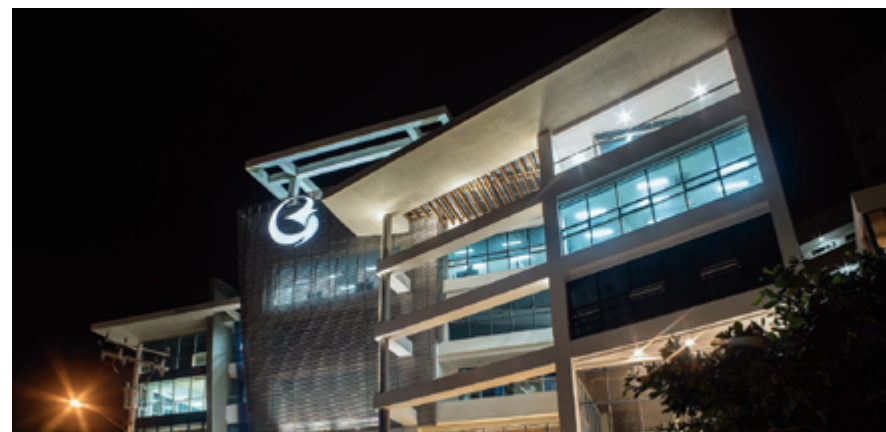
Customer experience is one of the big bets for the coming years, considering this approach as a differentiator in a highly competitive environment. During 2023, the Bank's digital strategy experienced an acceleration in its corporate segments, where efforts focused on eliminating paperwork and enabling the digital signature of promissory notes. Agile methodologies previously applied to consumer products were implemented in the corporate business, adding value to this segment.

The bank's values give an important role to sustainability. Banco de Bogotá is the first carbon neutral bank in Colombia, is a member of the Net Zero Banking Alliance and the Task Force on Climate-related Financial Disclosures, among other initiatives. Among several sustainable projects, the Bank supports job creation for young populations, new agro-industrial enterprises and women in the textile industry. In March 2023, the bank placed a U.S. \$230 million sustainable subordinated private bond, which will finance social and environmental initiatives. In addition, the bank issues debit cards that support the education of Colombian children and the reforestation of the Amazon. Finally, Banco de Bogotá continued to receive the Great Place to Work certification.

In June 2023, Mr. César Prado succeeded Mr. Alejandro Figueroa as President of Banco de Bogotá. Mr. Prado had been serving as President of Banco de Occidente.

## Assets

As of December 31, 2023, the bank's total assets stood at \$137.5 trillion, presenting a slight decrease of 0.3% or \$399 billion versus December 2022. Fixed income investments represent about 11.3% of total assets, and amounted to \$15.6 trillion as of December 31, 2023, reflecting an increase of 5.5% or \$816 billion for the year. Repos and interbank deposits amounted to \$238 billion, a decrease of \$4.3 trillion. The decrease in this item is due to the temporary investment in 2022 of the proceeds from the sale of 20.89% of BHI in active buyback/sellback operations, which were used throughout 2023.



The gross portfolio, excluding repos and interbank loans, grew by 3.0% or \$2.9 trillion, reaching \$98.9 trillion. By type of currency, the peso-denominated portfolio grew 4.1% and in dollars it decreased 16.3%; this portfolio grew 5.4% in dollars. The peso-denominated portfolio represents 77.3% of the gross portfolio.

By type of portfolio: (i) the commercial portfolio, which represents 64.1%, grew 1.5%, the peso-denominated portfolio grew 9.0% and the dollar-denominated portfolio decreased 15.8%. Excluding the peso appreciation, the dollar-denominated portfolio grew 6.0%; (ii) the consumer portfolio, which represents 23.3% of the gross portfolio, grew 6.1%, the peso-denominated portfolio grew 11.4% and the dollar-denominated portfolio decreased 17.1%. Excluding the appreciation of the peso, the dollar-denominated portfolio grew 4.3% and (iii) the mortgage portfolio, which represents 12.3% of the gross portfolio, grew 5.4%, the peso-denominated portfolio grew 19.0% and the dollar-denominated portfolio decreased 20.7%. Excluding the appreciation of the peso, the dollar-denominated portfolio decreased 0.2%. The microcredit portfolio represents 0.3% of the gross portfolio and increased 3.8% with respect to 2022.

## Liabilities

Liabilities stood at \$121.7 trillion at year-end 2023, decreasing 0.3% or \$0.4 trillion over the balance at year-end 2022. Public deposits represented 74.8% of total liabilities and amounted to \$91.1 trillion at year-end, showing a growth of 3.5% or \$3.1 trillion for the year.

Within total deposits: (i) deposits in CDTs, which represent 50.5% of total deposits, grew 17.9% or \$6.9 trillion; (ii) deposits in savings accounts, which represent 33.3% of total deposits, decreased 6.1% or \$1.9 trillion; and (iii) deposits in checking accounts, which represent 15.9% of total deposits,

decreased 11.3% or \$1.8 trillion. Other deposits represent 0.3% of total deposits and decreased 29.7% or \$0.1 trillion in 2023. The sharp growth in CDTs is related to the high rate environment where customers prefer to move their demand deposits to term deposits. In turn, the adjustments in the CFEN weightings in March 2023 implied a conversion of part of the resources of supervised financial entities and open FICs without permanence covenant to term deposits.

On the other hand, the other funding made up of loans from financial entities, bonds, interbank and obligations with rediscount entities, which represent 21.0% of total liabilities, amounted to \$ 25.6 trillion as of December 31, 2023, reflecting a decrease of 15.7% or \$4.7 trillion in the year

## Equity

At the closing of December 31, 2023, the total consolidated equity of Banco de Bogotá reached \$15.8 trillion, presenting an annual contraction of 0.3% or \$0.04 trillion. The equity attributable to the bank's shareholders reached \$15.7 trillion, while the equity attributable to third parties (minority interest) reached \$58.6 billion.

At the end of December, the bank's separate and total consolidated solvency was 18.6% and 15.4%, respectively, meeting regulatory requirements.

## Income Statement

The bank's net interest income closed the year at \$5.0 trillion, an increase of 7.3% or \$0.3 trillion. The net interest margin reached 4.4%, decreasing 16 bps compared to 2022. The margin contraction stems from the rapid repricing of the cost of funding amidst a high-rate environment where the increase in the portfolio rate is smaller in magnitude compared to the cost of funding.

Portfolio provision expense, net of write-off recoveries, was \$2.3 trillion, up 68.4% or \$0.9 trillion. The net cost of risk in 2023 was 2.3%, 80 bps higher than in 2022, due to the deterioration in the consumer portfolio, especially in the free investment and credit card products.

The bank's net fees and commissions reached \$1.5 trillion in 2023, increasing 18.2% or \$226.5 billion. Other income reached \$644.2 billion, decreasing 20.5% or \$165.6 billion, within which, MPU income closed at \$565.0 billion, decreasing 15.1% or \$100.3 billion as a result mainly of the behavior of Corficolombiana's profit. The bank's operating expenses were \$3.6 trillion, increasing 15.5% or \$483.0 billion. The efficiency over assets ratio increased 23 bps to 2.61% compared to 2.38% in 2022.

Attributable net income reached \$0.9 trillion, a decrease of 66.0% or \$1.8 trillion. Finally, profitability indicators for 2023 stood at 6.1% over average equity (ROAE) and 0.7% over average assets (ROAA).



## Banco de Occidente

(Consolidated figures expressed in trillions of pesos, unless otherwise indicated).



### Gross portfolio



### Deposits



### Attributable net income

(billions)



### ROAE



Banco de Occidente is the fifth largest bank in Colombia measured by gross portfolio, with a market share of 6.9% as of December 31, 2023. It focuses on clients in the corporate segment, small and medium-sized enterprises (SMEs), state-owned entities and affluent segment clients. Banco de Occidente had a market share of 9.1% of the commercial portfolio and 6.2% of the consumer-to-consumer portfolio as of December 31, 2023. Banco de Occidente had a market share of 8.7% of Colombia's checking accounts as of December 31, 2023. As of December 31, 2023, Banco de Occidente had consolidated total assets of 68,601.8 billion and attributable net income of 473.5 billion for the year ended December 31, 2023.

During 2023, Banco de Occidente continued to implement different strategies focused on improving commercial effectiveness, the optimization of distribution channels and its organizational structure. The bank continued to work on integration with its affiliates, digitalization and the consolidation of several ESG and talent management initiatives. Banco de Occidente initiated the segmentation of its corporate banking and personal banking clients in terms of service channels, commercial coverage and product offerings, which increased the productivity of the sales force. The bank continued commercial integration with its trust and portfolio management services offered by Fiduciaria de Occidente, off-

shore products offered to Colombian and international clients through Banco de Occidente Panama and Occidental Bank Barbados.

On the digitalization front, during 2023 Banco de Occidente increased its digital product offering, with the launch of new pre-approved digital loans for small businesses, Supply Factor (new factoring platform), the consolidation of the Gou Payment Gateway. The bank continued its commitment to digital ecosystems such as Carroya.com and metrocuadrado.com. In terms of its talent management strategy, in 2023 Great Place to Work recognized Banco de Occidente as the Best Company to Work For in Colombia, among companies with more than 1,500 employees.

In June 2023, Mr. Gerardo Silva succeeded Mr. César Prado as President of Banco de Occidente. Mr. Silva had been serving as Vice President of Corporate Banking of Banco de Occidente.

## Assets

As of December 31, 2023, the bank's total assets stood at \$68.6 trillion, presenting a growth of 14.3% or \$8.6 trillion as a result of the growth in the fixed income portfolio and portfolio growth dynamics. Fixed income investments represented 14.5% of total assets and amounted to \$10.0 trillion as of December 31, 2023 and reflected a growth of 42.2% or \$2.9 trillion. Repos and interbank closed 2023 with a balance of \$15 trillion, decreasing \$1.1 trillion.

The gross portfolio represents 72.1% of assets and grew by 11.0% or \$4.9 billion, reaching \$49.5 billion. By type of portfolio: (i) the commercial portfolio, which represents 69.5%, grew 11.2% or \$3.5 billion; (ii) the consumer portfolio, which represents 25.2% of the gross portfolio, grew 11.8% or \$1.3 billion; and (iii) the mortgage portfolio, which represents 5.3% of the gross portfolio, grew 4.9% or \$0.1 billion.

## Liabilities

Liabilities stood at \$62.9 trillion at the end of 2023, growing 14.8% or \$8.1 trillion over the balance at December 31, 2022. Public deposits represented 78.2% of total liabilities and amounted to \$49.2 trillion at December 31, 2023, showing a growth of 14.1% or \$6.1 trillion over the year.

Within total deposits: (i) deposits in savings accounts, representing 49.1% of total deposits, grew 9.7% or \$2.1 trillion; (ii) deposits in CDTs, representing 36.3% of total deposits, grew 33.4% or \$4.5 trillion; and (iii) deposits in checking

accounts, representing 14.4% of total deposits, decreased 6.5% or \$0.4 trillion. Other deposits represent 0.1% of total deposits.

On the other hand, other funding made up of loans from financial entities, bonds, interbank and obligations with rediscount entities, represents 17.2% of total liabilities and amounted to \$10.8 trillion as of December 31, 2023, showing a growth of 15.2% or \$1.4 trillion.

## Equity

At the close of December 31, 2023, Banco de Occidente's total consolidated shareholders' equity amounted to \$5.7 trillion, showing an increase of 9.0% or \$472.2 billion versus December 2022.

Equity attributable to shareholders of the bank amounted to \$5.7 trillion as of December 31, 2023 and had a growth of 9.0% or \$467 billion for the year. Equity attributable to minority interest was \$36.9 trillion, increasing 15.1% for the year.

At the end of December, the bank's separate and total consolidated solvency was 11.8% and 12.3%, respectively, meeting regulatory requirements.

## Income Statement

The bank's net interest income closed the year at \$2.2 trillion, registering an increase of 1.7% or \$37.5 trillion. The net interest margin decreased 51 bps compared to 2022, closing at 4.1%. At Banco de Occidente, the commercial portfolio represents 69.5% of the total portfolio; this structure allowed it to partially offset the funding cost pressures related to the growth of CDTs and the increase in the cost of deposits, of 443 bps and 542 bps in CDTs.

Portfolio provision expense, net of write-off recoveries, was \$1.2 trillion, increasing 59.9% or \$447.7 billion. In 2023, the net cost of risk was 2.5% and presented an increase of 69 bps compared to that recorded in 2022.

The bank's net fees reached \$353.9 billion in 2023, increasing 2.5% or \$8.5 trillion. Other income reached \$378.2 billion, growing 4.2% or \$15.2 trillion, within which, MPU income closed at \$218.9 billion, growing 79.4% or \$96.8 billion as a result of Porvenir's favorable performance. The bank's operating expenses were \$1.7 trillion, increasing 14.8% or \$225.4 billion. The efficiency over assets ratio improved 4 bps to 2.71% in 2023 compared to 2.75% in 2022.

Attributable net income closed the year at \$473.5 billion, up 4.6% or \$21.0 billion. Finally, profitability indicators for 2023 stood at 8.8% on average equity (ROAE) and 0.7% on average assets (ROAA).

## Gross portfolio



## Deposits



## Attributable net income (billions)



## ROAE



Our consumer banking operations faced a challenging business scenario derived from a net interest margin compression, resulting from the sharpest increase in interest rates in the history of the country and its effects on the bank's balance sheet, given the structure of its balance sheet. Assets were predominantly long-term, fixed-rate consumer loans (payroll-backed loan in the case of Banco Popular) and funding was at variable rates or price-adjusted in shorter terms than loans. This situation generated a net loss

attributable to owners of the parent company of \$(397.9) billion for the year ended December 31, 2023.

As a result, the bank adapted its strategy and refocused its efforts on two main objectives: first, to return to breakeven and second, to redefine its strategy going forward to strengthen the bank and make it more resilient to shocks such as those experienced in the last two years. At the same time, the bank continued to make progress on its strategic priorities to achieve its vision of being chosen, loved and recommended. It effectively completed more



than 400 initiatives aimed at improving its products, transactional services, customer service and risk management.

The bank implemented multiple strategies and changes to achieve these two objectives, such as repricing long-term fixed-rate loans (through commercial campaigns), controlling the level of risk-weighted assets (incipient growth and loan portfolio sales), and diversifying funding sources with lower-cost segments, optimizing operating expenses (achieving a 5.6% reduction in total operating cost in the bank's separate financial statements for 2022), rationalizing fixed assets and, ultimately, changing the bank's management.

María Fernanda Suárez took over as President of the bank, replacing Carlos Upegui, who resigned in September 2023. María Fernanda has more than 25 years of experience in both the public and private sectors, most recently as President of Accenture in Colombia. Previously she had served as Minister of Mines and Energy and as Executive VP of Strategy and Finance at Ecopetrol. Between 2004 and 2010 she worked at Porvenir, where she held various positions until becoming Vice President of Investments.

To strengthen the bank's regulatory capital position in the midst of this challenging scenario, Banco Popular took the following actions:

Between March and July 2023, Banco Popular sold \$1.6 trillion in near-par loans (\$1,063 billion in payroll-backed loans and \$565 billion in commercial loans) to other Aval banks in competitive auctions at market conditions. The above, with the objective of reducing exposure to risk-weighted assets and reducing high-cost financing, while other structural measures were being finalized.

In October 2023, the bank issued a \$250 billion subordinated bond to strengthen the bank's additional equity

Finally, in November 2023, Grupo Aval, Banco de Bogotá, Banco de Occidente and Banco Popular entered into a shareholders' agreement, as a result of which Banco Popular S.A. obtained controlling status of Corporación Financiera Colombiana S.A. As a result of this agreement, Banco Popular incorporated \$28,089.5 billion in assets to its consolidated statement of financial position. Additionally, the subscription of the agreement gives application to the provisions of article 2.1.1.11 of Decree 2555 of 2010, generating a positive effect on the technical equity and on the regulatory solvency indicators of Banco Popular.

## Assets

As of December 31, 2023, the bank's total assets amounted to \$85.4 trillion, presenting a growth of 161.3% or \$52.7 trillion. In addition to the evolution of its historical business, this variation reflects the impact of the consolidation of Corficolombiana.

The receivables portfolio represents 28.3% of assets, reached \$24.1 trillion as of December 31, 2023 and decreased 4.3% or \$1.1 trillion; in 2022 the portfolio represented 77.2% of assets. Repos and interbank closed the year with a balance of \$159.3 billion, growing \$149.7 billion.

The gross portfolio reached \$24.1 trillion. By type of portfolio: (i) the commercial portfolio, which represents 29.3%, decreased 4.8% or \$355 billion; (ii) the consumer portfolio, which represents 65.7% of the gross portfolio, decreased 4.1% or \$0.6 trillion; and (iii) the mortgage portfolio, which represents 5.0% of the gross portfolio, decreased 4.4% or \$54.9 billion. The microcredit portfolio represents 0.01% of the gross portfolio. Between March and July 2023, \$1.6 trillion of portfolio sales were made to Bancos Aval on market terms.

Concessions represent close to \$18.1 trillion or 21.2% of assets, fixed income investments represent 11.6% of assets and reach \$9.8 trillion, growing 126.3% or \$5.5 trillion in the year



## Liabilities

Liabilities stood at \$67.7 trillion at the end of 2023, growing 129.7% or \$38.2 trillion over the balance as of December 31, 2022. The growth in liabilities incorporates the impact of the consolidation of Corficolombiana. Public deposits represented 45.0% of total liabilities and amounted to \$30.4 trillion as of December 31, 2023, showing a growth of 25.2% or \$6.1 trillion in the year.

Within total deposits: (i) deposits in CDTs, representing 57.8% of total deposits, grew 63.1% or \$6.8 trillion; (ii) deposits in savings accounts, representing 38.6% of total deposits, decreased 5.1% or \$0.6 trillion; and (iii) deposits in checking accounts, representing 3.4% of total deposits, decreased 6.0% or \$65.9 billion. Other deposits represent 0.2% of total deposits.

On the other hand, other funding (composed of loans from financial entities, bonds, interbank and obligations with rediscount entities), which represent 35.8% of total liabilities, amounted to \$24.3 trillion as of December 31, 2023, showing a growth of 476.6% or \$20.0 trillion.

## Equity

At the end of December 31, 2023, Banco Popular's total consolidated equity stood at \$17.7 trillion, presenting an increase of 450.5% or \$14.5 trillion. The increase was in non-controlling interests which reached \$14.9 trillion compared to \$29.7 trillion at the end of 2022. This increase is related to the minority interest of Corficolombiana.

## Income Statement

The bank's consolidated net interest income, of which Corficolombiana generates a negative impact of \$211.6 billion, closed the year at \$140.0 billion, registering a decrease of 88.0% compared to \$1,163.3 billion in 2022, which did not include the consolidation of Corficolombiana. The net interest margin was 0.5%, 358 bps lower than in 2022. The contraction of the margin is due to the increase in the bank's funding cost, with the cost of deposits growing from 6.3% to 10.5% during the year; on the other hand, the profitability of the portfolio did not register such a significant increase considering that close to 66% of the portfolio corresponds to fixed-rate consumer loans, mainly payroll-backed loans. During the year, the bank developed strategies to increase the attraction of lower-cost deposits from individuals, SMEs and companies, diversifying its funding sources. Additionally, this result incorporates the funding costs of Corficolombiana and its subsidiaries from consolidation, of which only 5.2% impacts the attributable result of Banco Popular.

The loan loss provisions expense, net of recoveries of written-off loans, was \$236.2 billion, increasing 29.9% or \$54.3 billion. The net cost of risk in 2023 was 1.0%, with a slight increase of 23 bps versus 2022, given its concentration in the payroll-backed loan portfolio.

The bank's net fees reached \$208.3 billion in 2023, increasing 2.6% or \$5.2 billion. Other income reached \$337.4 billion, growing 70.5% or \$139.5 billion, within which, MPU income closed at \$61.3 billion, decreasing 33.5% or \$30.9 billion. During the year, the bank implemented expense optimization strategies; as a result, operating expenses decreased 9.5% or \$128.7 billion, reaching \$1.2 billion. The efficiency over assets ratio at the end of 2023 decreased by 137 bps to 2.89% in 2023 from 4.26% in 2022.

Attributable net income closed the year at -\$397.9 billion, a decrease of \$468.1 billion. Finally, the profitability indicators for 2023 were -13.1% on average equity (ROAE) and -3.1% on average assets (ROAA).



## Gross portfolio



## Deposits



## Attributable net income (billions)



## ROAE



Banco AV Villas is the eleventh largest bank in Colombia measured by gross portfolio and focuses on services and products such as payroll-backed loans and credit cards, as well as its traditional line of mortgages. Banco AV Villas has an extensive service network throughout Colombia, concentrated in the central region of Colombia, including Bogotá and the southwest region. As of December 31, 2023, Banco AV Villas had a market share of 2.3% of deposits, 2.1% of gross portfolio, 4.3% of consumer portfolio and 2.3% of mortgages. As of December 31, 2023, Banco AV Villas had total consolidated assets of 18,913.3 billion.

Banco AV Villas was negatively affected by the same factors described above, as most of its consumer portfolio is exposed to fixed rates. This situation resulted in an attributable net loss of 241.6 billion.

The bank implemented multiple strategies and changes aimed at recovering its profitability, such as repricing the long-term portfolio at fixed rates (through commercial campaigns), controlling the level of risk-weighted assets (through a 6.7% decrease in the balance of the consumer portfolio), diversifying funding with lower cost segments, optimizing operating expenses and rationalizing fixed assets.

Banco AV Villas seeks to continue its expansion in the small and medium-size business segment. In order to increase the volume of transactions through electronic channels and improve efficiency, Banco AV Villas is developing projects focusing its efforts on the digitalization of the bank's services to improve customer service.

## Assets

As of December 31, 2023, the bank's total assets reached \$18.9 trillion, presenting a decrease of 3.7% or \$0.7 trillion, given the contraction of the portfolio which represents 75.9% of assets. Fixed income investments represented 14.3% of total assets, reached \$2.7 trillion as of December 31, 2023 and decreased 5.7% or \$164.6 billion.

The gross portfolio presented an annual decrease of 4.3% or \$0.7 trillion, reaching \$14.3 trillion. By type of portfolio: (i) the commercial portfolio, which represents 22.4%, grew 1.4% or \$43.4 billion; (ii) the consumer portfolio, which represents 60.1% of the gross portfolio, decreased 6.7% or \$0.6 trillion; and (iii) the mortgage portfolio, which represents 17.5% of the gross portfolio, decreased 2.9% or \$74.5 billion. The net microcredit portfolio represents less than 0.1% of the gross portfolio. During the year, the origination policies were tightened in the free investment and credit card portfolios due to the deterioration observed in the system, which explains the lower dynamics in the retail portfolio.

## Liabilities

Liabilities stood at \$17.2 trillion at the end of 2023, decreasing 3.5% or \$0.6 trillion over the balance as of December 31, 2022. Public deposits represented 86.6% of total liabilities and amounted to \$14.9 trillion at December 31, 2023, showing a slight growth of 0.1% or \$20.0 billion for the year.

Within total deposits: (i) deposits in CDTs, representing 37.1% of total deposits, grew 31.3% or \$1.3 trillion; (ii) deposits in savings accounts, representing 52.3% of total deposits, decreased 15% or \$1.3 trillion; and (iii) deposits in checking accounts, representing 10.5% of total deposits, grew 5.2% or \$77 billion. Other deposits represent 0.1% of total deposits. During the year, the migration of savings deposits to CDTs was observed, related to the environment of high deposit rates in term deposits.

On the other hand, the other funding composed of loans from financial entities, bonds, interbank and obligations with rediscount entities, which represent 11.1% of total liabilities, reached \$1.9 trillion as of December 31, 2023, showing a decrease of 24.0% or \$0.8 trillion in the year.

## Equity

At the close of December 31, 2023, Banco AV Villas' total consolidated equity stood at \$1.7 trillion, showing a decrease of 5.7% or \$105.1 billion.

At the end of the year, the bank's separate solvency was 11.6%, complying with regulatory requirements.



## Income Statement

The bank's net interest income closed the year at \$677.4 billion, registering a decrease of 24.7% or \$222.4 billion. The net interest margin decreased 146 bps from 5.3% to 3.9% in 2023. During the year, the bank continued to develop strategies to reprice its fixed-rate consumer portfolio. However, the 880 bps increase in the CDTs share of total deposits, from 28.3% to 37.1%, and the 345 bps increase in the cost of deposits, from 4.4% to 7.8%, impacted the net interest margin.

Portfolio provision expense, net of write-off recoveries, was \$448.9 billion, increasing 184.4% or \$291.1 billion. The net cost of risk in 2023 rose to 3.0% compared to 1.1% in 2022, given the deterioration in the consumer portfolio.

The bank's net fees reached \$143.8 billion in 2023, increasing 21.3% or \$25.3 billion versus the same period in 2022. Other income reached \$50.5 billion, decreasing 9.0% or \$5.0 billion, within this, MPU losses reached \$1.9 billion, decreasing 223.7% or \$3.4 billion. The bank's operating expenses were \$866.8 billion, increasing 9.2% or \$72.3 billion. The efficiency over assets ratio at the end of 2023 increased 19 bps to 4.46% at the end of 2023 versus 4.27% in 2022.

Attributable net income closed the year at -\$241.6 billion, a decrease of 333.6% or \$345.0 billion. Finally, profitability indicators for 2023 stood at -13.5% over average equity (ROAE) and -1.2% over average assets (ROAA).

### Assets

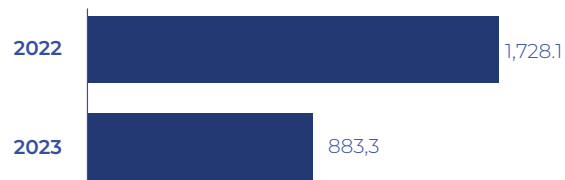


### Liabilities

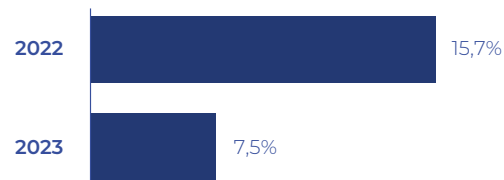


### Attributable net income

(billions)



### ROAE



Corficolombiana's business model is based on the premise of investing in businesses in strategic sectors of the Colombian economy, thus contributing to the country's progress. It has four main lines of business: (1) equity investments in strategic sectors of the Colombian economy, including infrastructure, energy and gas, agribusiness, and hospitality; (2) investment banking, including services related to capital markets, mergers and acquisitions, and project finance transactions; (3) treasury operations; and (4) financial services such as trust services, among others.

During 2023, there were no changes in the strategy, products or services offered by the corporation and its affiliates. Among the most important milestones, it is worth mentioning the completion of the construction

stage of the Chirajara-Fundadores road concession responsibility of the affiliate Coviandina.

### Assets

As of December 31, 2023, the total assets of the corporation amounted to \$57.3 trillion, presenting a growth of 6.0% or \$3.3 trillion, explained by (i) the increase of 6.7% or \$2.0 trillion in the value of assets related to concessions and (ii) the increase of 12.9% or \$1.1 trillion in the financial services and others sector.

The following is the distribution by sector of the corporation's consolidated assets at the end of December 31, 2023:



|                                   | Infraestructure       | Energy and Gas | Financial services and others | Hotels | Agribusiness | Total   |
|-----------------------------------|-----------------------|----------------|-------------------------------|--------|--------------|---------|
|                                   | (Figures in billions) |                |                               |        |              |         |
| <b>Activos assets (1)</b>         | 27,335                | 18,528         | 9,832                         | 944    | 642          | 57,281  |
| <b>% Interest on total assets</b> | 47.70%                | 32.30%         | 17.20%                        | 1.60%  | 1.10%        | 100.00% |

(1) Eliminations are allocated to each operating segment

## Liabilities

Liabilities reached \$41.8 trillion, showing an increase of 6.6% or \$2.6 trillion compared to December 31, 2022, mainly due to increased funding in Corficolombiana's real sector companies and deposits used to fund the Corporation's needs.

## Equity

At the close of December 31, 2023, total equity amounted to \$15.5 trillion, showing an increase of 4.4% or \$0.7 trillion versus equity at the close of December 2022. Equity attributable to shareholders amounted to \$12.1 trillion as of December 31, 2023 and grew by 4.9% or \$0.6 trillion for the year. Minority interest reached \$3.4 trillion and grew by 2.6% or \$0.1 trillion.

## Income statement

During 2023, lower revenues were evidenced especially in the infrastructure sector, as some highway concessions began to approach or complete their construction phase. Additionally, the result was impacted by the pronounced increase in Corficolombiana's funding cost of its companies.

The financial assets of some of the concessions at amortized cost (mainly Villavicencio-Yopal and Conexión Pacífico I) were adjusted due to the revaluation of the peso and lower inflation, in line with the provisions of IFRS 15. Additionally, in August 2023 Corficolombiana paid \$248.5 billion as a result of the settlement with the US Department of Justice.

In the energy and gas sector, Promigas presented a lower performance in its transportation and distribution businesses due to the appreciation of the TRM in contracts with tariff components in dollars. Regarding the

financial sector, the figures are the result of more challenging financial conditions in terms of the cost of funding.

Corficolombiana's funding rate increased from 8.1% to 12.2% in 2023 related to the increase in interest rates.

This generated an attributable net profit of \$883.3 billion, with a decrease of 48.9% or \$844.9 billion.

Finally, the profitability indicators for 2023 were 7.5% on average equity (ROAE) and 2.8% on average assets (ROAA).

## Porvenir

(Consolidated figures expressed in trillions of pesos, unless otherwise indicated).

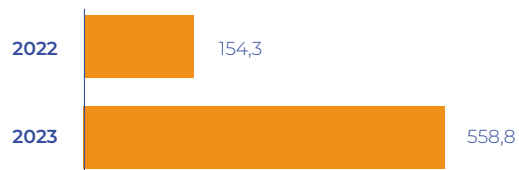




### Assets under management



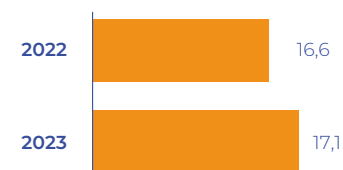
### Attributable net income (billions)



### Equity



### Members (millions)



Porvenir works to guarantee the quality of life of its members at the time of their retirement, supporting them in their pension savings projects in the short, medium and long term, and making responsible investments to achieve the best returns for them. It seeks to be a benchmark company in innovation and service through the adoption of agile methodologies, digital tools and the creation of solutions and differentiated value propositions for its members, simple and transparent interactions based on the voice of the customer.

### Assets under management

At the end of 2023, assets under management by Porvenir reached \$203.6 trillion, growing 18.5% compared to 2022. Mandatory pension funds grew 18.3% to \$188.6 trillion, severance payments reached \$9.3 trillion, growing 22.3%, and voluntary pension funds reached \$5.8 trillion, growing 19.0%.

### Assets

As of December 31, 2023, the total consolidated assets of the Management Company were \$3,572.0 billion, which constitutes a growth of 1.4% or \$49.2 billion with respect to the end of December 2022. Porvenir's investment portfolio (mainly the stabilization reserve and the company's own investments), which represent 71.8% of total assets at the end of December 2023, grew 3.2% or \$82.8 billion for the year.

### Liabilities

Liabilities stood at \$700.4 billion, decreasing 33.7% or \$356.2 billion compared to the end of December 2022, given the 78.1% or \$347.1 billion contraction of financial obligations.

## Equity

At the end of December 31, 2023, total equity stood at \$2,871.6 billion, presenting an increase of 16.4% or \$405.5 billion, compared to the equity at the end of December 2022. The strong performance of 2023 contributed to higher profit generation for the year.

## Income Statement

The positive behavior of the markets boosted Porvenir's performance during 2023. Income from marketable assets increased from -\$38 billion to \$300 billion as a result of valuations in the equity and fixed income markets, which it collected through the valuation of its equalization reserves and, to a lesser extent, its own portfolios.

Of the income generated in 2023, 43.2% is derived from mandatory pension funds, 20.0% from severance payments and 6.9% from voluntary pension funds. The 28.5% is income related to portfolio management, stabilization reserves and other income.



Given the above, attributable net income of \$558.8 billion was 262.3% or \$404.5 billion higher than 2022. Profitability for 2023 reached 21.4% measured on average shareholders' equity (ROAE) and 15.8% measured on assets.

**Below is an analysis of the performance of our affiliates in terms of market, liquidity and solvency.**

## Market

The inflationary pressures experienced in 2022 remained present for most of 2023. Despite the decrease in inflation, particularly in the second half of the year, the result remained above the Central Bank's target range, leading it to maintain the contractionary monetary policy for a longer period of time. However, the lower growth in local inflation (Dec 2023: 9.28% | Dec 2022: 13.12%), as well as the contraction of production in key sectors of the economy and household consumption, allowed the Board of Directors of the Central Bank to reduce the intervention rate by 25bps for the first time since September 2020, closing the year at 13%, after having reached a peak in May 2023 of 13.25% (Dec 2022: 12%).

Some of the portfolio investments made by our subsidiaries are intended to ensure the necessary resources to meet the needs of their business purpose, that is, they have a structural nature and serve as a liquidity cushion. However, the diversity of products, operations and markets in which they participate is proportional to the size of each subsidiary, the jurisdictions in which it participates and the need to perform hedging operations to mitigate the risks identified in both the treasury and bank books.

Our subsidiaries have management systems that allow them to identify, measure, control and follow up on the risks they face in the development of their treasury operations. For this purpose, it uses different measurement techniques that allow it to evaluate normal and extreme scenarios in which its operations will be developed to anticipate adverse situations that could affect the Entity's risk profile (see Note 4.2 Market Risk).

As of December 31, 2023, investments in debt securities with changes in results amount to \$7.1 trillion of which 96% are in Colombian pesos, investments in debt securities at fair value with changes in OCI have a value of \$23 trillion of which 65% are in Colombian pesos and the rest in other currencies, mainly US dollars, and investments in debt securities at amortized cost amount to \$9.9 trillion of which 80% are in Colombian pesos and the rest in US dollars.

Colombia continues to be the main country of origin of the issuers of debt securities in which our subsidiaries make their portfolio investments, with 90.7%, followed by the United States 4.95% and Panama 3.89%, the rest

of them in other jurisdictions such as Chile, Mexico, Brazil and Costa Rica. Sovereign debt securities continue to be the most preferred, due to their easy convertibility to cash and the liquidity and depth of their markets. As of December 31, 2023 and 2022, the investment portfolio of financial assets in debt instruments is mainly composed of securities issued or guaranteed by entities of the Republic of Colombia and issued or guaranteed by other Colombian government entities, which represent 68.57% and 72.70%, respectively, of the total portfolio (see Note 4.1.6 Concentration of Credit Risk - Investments in Debt Securities).

The value at risk of our main affiliates remained throughout 2023 within the appetite levels established in their respective Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS) approved by their Boards of Directors.

During 2023, there were no material changes in the market risk situation of our subsidiaries that affected their operations.

|                      | <br>Banco de Bogotá |      | <br>Banco de Occidente |      | <br>banco popular |      | <br>Banco AV Villas |      | <br>corfi colombiana |      |
|----------------------|------------------------------------------------------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------------------------------------------------|------|--------------------------------------------------------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------|------|
|                      | 4T22                                                                                                 | 4T23 | 4T22                                                                                                    | 4T23 | 4T22                                                                                                 | 4T23 | 4T22                                                                                                   | 4T23 | 4T22                                                                                                    | 4T23 |
| <b>% IRL 30 days</b> | 222%                                                                                                 | 127% | 145%                                                                                                    | 133% | 143%                                                                                                 | 145% | 127%                                                                                                   | 174% | 168%                                                                                                    | 150% |
| <b>CFEN</b>          | 105%                                                                                                 | 109% | 109%                                                                                                    | 109% | 102%                                                                                                 | 109% | 109%                                                                                                   | 111% | 99%                                                                                                     | 98%  |

The short-term liquidity adequacy ratio, measured for the seven (7) and thirty (30) day horizons, under the regulator's standard methodology, is complemented with metrics and indicators that estimate the liquidity needs in different scenarios, which allow our subsidiaries to capture in advance the necessary resources to meet contractual and non-contractual obligations that arise in the normal flow of their businesses, as well as strategic changes that affect their equity or capital structure.

Such is the case of Banco de Bogotá, which ended the year 2022 in the midst of changes in its equity structure with the completion of the takeover bid for BHI, which temporarily maintained liquid resources that led it to reach a level of 222% in the 30-day liquidity risk indicator. This situation normalized in the first quarter of 2023 and reached historical levels after it became evident that there was less pressure on the funding structure as a result of the regulatory adjustments to the CFEN indicator weightings introduced by the Colombian Finance Superintendence in early September 2023.

Anticipating liquidity needs, taking advantage of current market conditions to make our operations more efficient and profitable, is a premise of the

## Liquidity

As was the case in 2022, the contractionary monetary policy cycle and the greater demand for sight and term deposits by the credit institutions obliged to comply with the minimum regulatory Net Stable Funding Ratio (CFEN) required by the authorities, made the funding sources of our affiliates more expensive, mainly our banking subsidiaries obliged to comply with said minimum.

The regulatory updates that introduced changes regarding the estimation of the CFEN indicator and that prolonged the convergence of the credit factors for some customer segments, alleviated the growing pressure in the market, allowing our banking subsidiaries to strengthen their current funding structure at a lower cost, while meeting the minimum requirements demanded by the regulations.

liquidity risk management of our subsidiaries. The high interest rates present in the domestic and foreign markets demand, therefore, the need for our subsidiaries to constantly review their funding structures, seeking a timely and optimal management of the mismatches present in their balance sheets. This is the case of Banco AV Villas, which took advantage of the decrease in funding rates, since the end of November 2023, to reduce its funding costs by anticipating future maturities of CDTs and Bonds, which allowed it to end the year with a 30-day IRL level of 174% compared to 127% of the same cut-off in 2022.

Even though the current conditions are demanding, our subsidiaries have complied with the minimum requirements demanded by the regulations, with the slack established through their respective Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS).

During 2023, there were no material changes in the liquidity situation of our subsidiaries that would affect their operations

## Solvency

In addition to the obligation to comply with regulatory minimums, Grupo Aval's entities aim to maintain capital positions that promote investor, creditor and market confidence, while sustaining the future growth of their respective businesses. Capital allocation decisions consider a balance between a more aggressive capital structure that achieves high returns on shareholders' equity and a more conservative one that results in excess capital. These decisions also consider the long-term strategic objectives of each subsidiary.

On November 22, 2023, Grupo Aval, Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A., entered into a shareholders' agreement as a result of which Banco Popular S.A. became the controlling company of Corporación Financiera Colombiana S.A. ("Corficolombiana") under the terms of articles 260 and 261 of the Code of Commerce

The subscription of the referred agreement does not imply for Corficolombiana any variation in the shareholding currently held by the subscribers of the agreement, nor any modification in the beneficial owner of such entity.

The subscription of the agreement gives application to the provisions of Article 2.1.1.1.11 ("Deductions from the Ordinary Basic Equity") of Decree 2555 of 2010, generating a positive effect on the technical equity and on the regulatory solvency indicators of Banco de Bogotá S.A., Banco de Occidente S.A. and Banco Popular S.A.

As of December 31, 2023 and 2022, all regulated financial subsidiaries of Grupo Aval comply with the general provisions on solvency ratios, as shown in the following tables:

### Separate solvency

|                             | <br>Banco de Bogotá |             | <br>Banco de Occidente |             | <br>banco popular |             | <br>Banco AV Villas |             | <br>corfi colombiana |             |
|-----------------------------|------------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------|-------------|
|                             | 4T22                                                                                                 | 4T23        | 4T22                                                                                                    | 4T23        | 4T22                                                                                                 | 4T23        | 4T22                                                                                                   | 4T23        | 4T22                                                                                                    | 4T23        |
| Basic solvency ratio        | 12.6                                                                                                 | 15.5        | 10.0                                                                                                    | 10.2        | 10.2                                                                                                 | 11.5        | 10.9                                                                                                   | 11.4        | 48.3                                                                                                    | 46.1        |
| <b>Total solvency ratio</b> | <b>17.0</b>                                                                                          | <b>18.6</b> | <b>12.4</b>                                                                                             | <b>11.8</b> | <b>11.2</b>                                                                                          | <b>13.3</b> | <b>11.1</b>                                                                                            | <b>11.6</b> | <b>48.1</b>                                                                                             | <b>46.0</b> |

### Consolidated solvency

|                             | <br>Banco de Bogotá |             | <br>Banco de Occidente |             | <br>banco popular |             | <br>Banco AV Villas |             | <br>corfi colombiana |             |
|-----------------------------|--------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------|-------------|
|                             | 4T22                                                                                                   | 4T23        | 4T22                                                                                                      | 4T23        | 4T22                                                                                                   | 4T23        | 4T22                                                                                                     | 4T23        | 4T22                                                                                                      | 4T23        |
| Basic solvency ratio        | 10.1                                                                                                   | 12.9        | 10.2                                                                                                      | 10.9        | 11.5                                                                                                   | 20.3        | N.A.                                                                                                     | N.A.        | 47.5                                                                                                      | 45.9        |
| <b>Total solvency ratio</b> | <b>13.1</b>                                                                                            | <b>15.4</b> | <b>12.2</b>                                                                                               | <b>12.3</b> | <b>12.3</b>                                                                                            | <b>20.4</b> | <b>N.A.</b>                                                                                              | <b>N.A.</b> | <b>47.3</b>                                                                                               | <b>45.7</b> |

## Group Tax Approach

### 207-1

At the end of December 2023 Grupo Aval Acciones y Valores S.A. and its subsidiaries are present mainly in 4 countries for tax purposes: Colombia, Panama, Peru and Barbados, where it acts as a taxpayer of income tax and its complementary taxes and also as responsible for the other taxes in accordance with the applicable legislation for each jurisdiction, through its subsidiaries.

The Group's main objective in tax matters is to ensure formal and material compliance with all obligations for each of the companies that make up the consolidated group, complying with laws, decrees and in general any regulatory standards, continuously evaluating the positions taken in tax returns to avoid risky positions that may give rise to fines and/or penalties.

Grupo Aval's tax strategy includes the following actions

:

- To identify and apply the regulations in force in each of the jurisdictions in which operations are carried out, so as to ensure compliance with all obligations.
- To comply with the arm's length principle for transfer pricing purposes, ensuring that transactions are carried out at arm's length prices with both related and independent parties.
- To collaborate with the tax authorities in any legal request, providing the required information within the established terms, complying with the administrative procedures applicable to each case.
- To file and pay the taxes for which each company is responsible, in a timely manner and in accordance with the constitutional foundations, principles, tax regulations, jurisprudence and other ancillary sources in the countries where we operate.
- To incorporate external tax experts to the tax teams of the companies, to support them in specific tax issues that involve complex study and analysis, so that the decision to be taken internally is studied and supported.
- To periodically evaluate the positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and avoid taking risky tax positions that may result in the recognition of provisions for uncertain tax positions and fines and penalties in the future. We seek to avoid uncertain tax positions.
- Based on the principle of legality, to identify the tax benefits applicable to each company, especially exempt income, tax discounts, special exemptions for the development of taxable activities.
- To design and implement accounting policies and controls from each company, from each consolidated company and from the parent company itself, to ensure that tax-related information is correctly recorded in the accounting records and disclosed in the different reports.
- To support National Governments and Tax Administrations, through associations such as Asobancaria in Colombia, with the examination of relevant tax issues of the sector.



## Tax Governance

### 207-2 207-4

The governance of each company of Grupo Aval is autonomous with respect to the management of its taxes, including the activities that impact the preparation and calculation of each of the taxes for which they are responsible. These processes are directed by the tax managers, tax directors or tax heads of each entity. Likewise, each entity has its own processes in place for reviewing taxes, approving payments and authorizing the reporting of information so as to ensure that each company has an appropriate body in charge of the process.

Also, there are consolidating entities in the consolidation structure that exercise control over their subsidiaries. These companies must periodically report all information related to taxes and in this process, each parent company, headed by its manager, director or head, as the case may be, carries out processes that ensure the verification of tax contents from the accounting standpoint.

When situations arise that require definition regarding the understanding of any standard or a specific tax treatment, a tax committee is triggered at the corporate level with the participation of the IFRS Tax Director and the tax managers, directors or heads of Grupo Aval Holding, Banco de Bogotá, Banco de Occidente, Banco Popular, Banco Av Villas, Corficolombiana and Porvenir, where they present, study, analyze and seek a way to take a homogeneous corporate position for the management of the subject matter under discussion. If the committee is unable to reach a consensus, support is sought from external advisors to ensure the handling of the particular issue.

The effective tax rate in 2023 reached 37.6% at the consolidated level.

The following are the taxes accrued during the year 2023 by region. These taxes include income tax, industry and commerce tax, VAT assumed, financial transactions tax assumed, property tax, vehicle tax, stamp tax, among others.

| Taxes accrued during the year 2023 (1) |              |               |
|----------------------------------------|--------------|---------------|
| Figures in billions                    | \$           | %             |
| Colombia                               | 2,223        | 98.0%         |
| Others (3)                             | 45           | 2.0%          |
| <b>Total</b>                           | <b>2,268</b> | <b>100.0%</b> |

(1) The deferred tax expense is not included because, although it impacts the profits for the period, does not result in the payment of taxes during the reporting period.

(2) Includes taxes recorded by the responsible companies in Panama, Peru and an immaterial portion in Barbados.



## Off-balance sheet transactions

In the course of our business, our banking subsidiaries have entered into various types of off-balance sheet arrangements, such as credit facilities, letters of credit and financial securities. Our banks use these instruments to meet the financing needs of their customers. The contractual amount of these instruments represents the maximum possible credit risk in the event that the counterparty disposes of the entire commitment or our bank fulfills its obligation under the securities in full, and the counterparty subsequently defaults under the terms of the contract.

Our banks may hold cash or other liquid collateral to support these commitments, and generally have legal recourse to recover amounts paid but not recovered from customers under these instruments. Most of these commitments and securities expire without being drawn down. Consequently, the total contractual amount of these instruments does not represent the future credit exposure of our banking affiliates or their funding needs under normal circumstances. In addition, some of these commitments, mainly those related to consumer financing, may be cancelled by our banks upon prior notice. It should be noted that the off-balance sheet transactions reflected herein are not expected to materially impact the issuer's operations.

In the case of Grupo Aval Acciones y Valores S.A., the Company is a guarantor of the bonds issued in the international capital market by its subsidiary Grupo Aval Limited, pursuant to Regulation S of the Securities Act of 1933 of the United States of America and under Rule 144<sup>a</sup>, for USD 1 billion.

| Grupo Aval                 | 2023<br>(In billions) |
|----------------------------|-----------------------|
| Undrawn credit card limits | 12,449                |
| Undrawn letters of credit  | 736                   |
| Unused facilities          | 6,488                 |
| Bank securities            | 3,053                 |
| Approved undisbursed loans | 4,819                 |
| Lawsuits against our banks | 798                   |
| Others                     | 3,070                 |
| <b>Total</b>               | <b>31,411</b>         |





**We make Group  
with the innovators**

Grupo  
**AVAL**  
Hacemos grupo con todo el país

# Innovation



Our subsidiaries, in coordination with the Holding Company and advised by Aval Digital Labs (ADL), have developed a strategy for innovation, transformation and digital payments. The corporate strategy is based on the development of creative and technology-supported solutions that meet the needs of our customers.

We are constantly looking for the most efficient way to execute this strategy. For this reason, we decided to centralize some of our innovation capabilities in shared service centers, while ensuring their transversality among the entities. In this sense, the developments of new and evolving products and processes are executed through digitization cells in the entities or through shared services centers, depending on which is the most efficient way to do it. If these developments are carried out in shared services centers, the corresponding cell is off-boarded once the entity incorporates the necessary capabilities to receive it. Likewise, the decision was made to centralize the digital ecosystems at the corporate level in shared service centers, in order to capture synergies in terms of agility and knowledge, and taking advantage of the scale we have achieved. Finally, we centralized, gathered, processed and standardized the Group's data through various information channels and grouped in Augusta's data-lake, under corporate data governance guidelines.

The digital strategy focuses on three dimensions:

## Digitization of existing products and processes

We have 43 digitization cells in ADL that allow us to originate financial products and optimize processes for end-to-end digital placement, thus our banks continue to consolidate their digital product portfolio according to their product and segment approach

In 2023 we continued to develop new digital products: in Banco de Bogotá digital CDTs and in Banco Popular and Banco AV Villas Seguros, reaching 32 digitalized products.

The ratio of digitalization of banks over products with digitalization interest reached 90% in 2023.

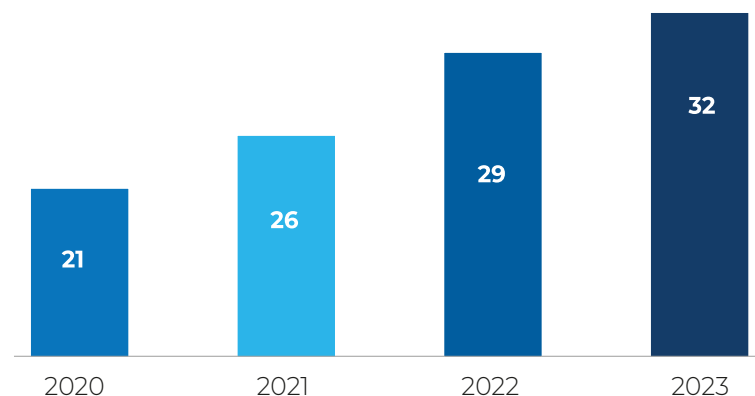
## Digital sales

The deceleration of the commercial dynamics impacted the volume of disbursements of the system and of the Aval Banks.

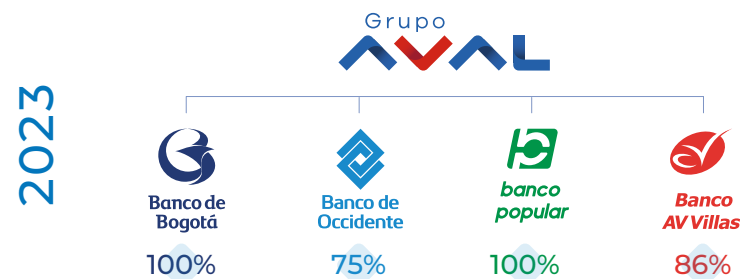
In 2023, sales of digital products exceeded 1.9 million products, decreasing 12.9% compared to 2022, impacted by the lower demand for products with greater progress in digitization, such as credit cards.

Aval Banks placed more than 1.0 million consumer portfolio products, opened more than 880 thousand deposits and generated more than 11 thousand mortgage loan approvals during the year.

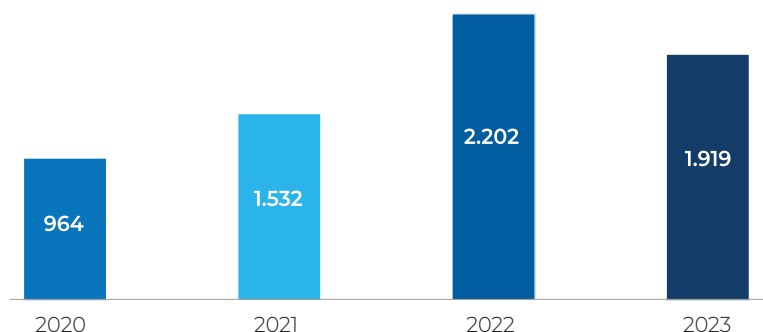
## Digital products



## Percentage of digitized products <sup>1</sup>



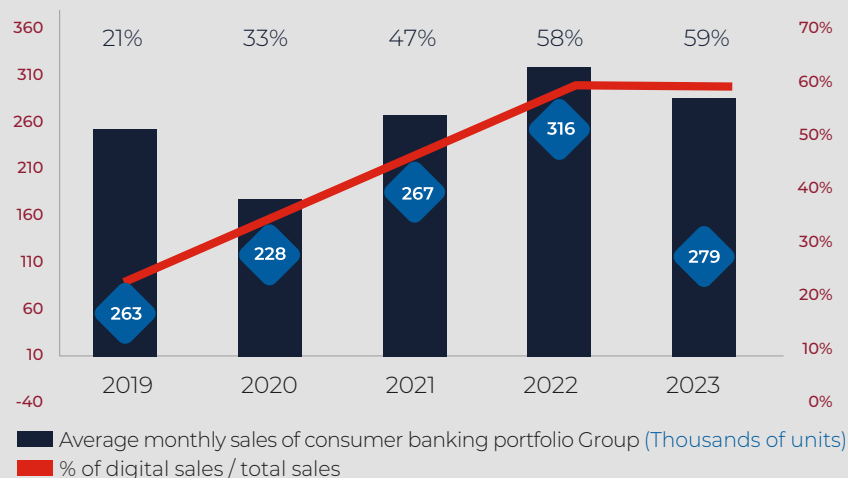
**Sales of digital products** (In thousands)



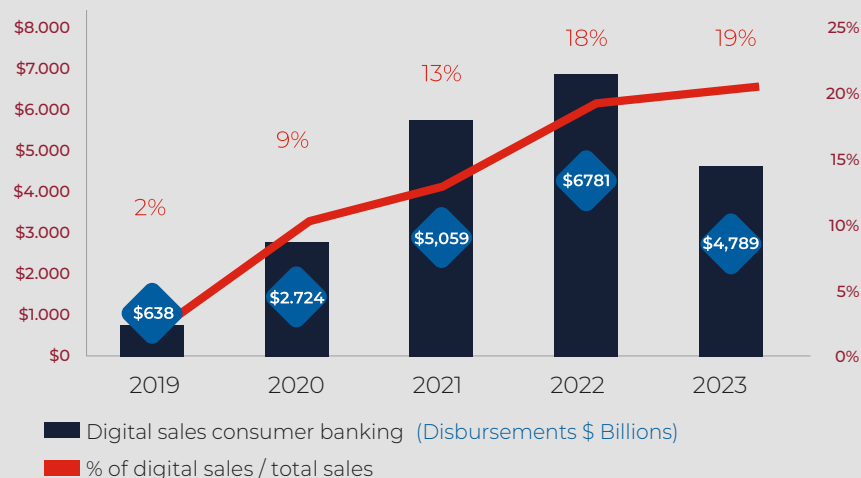
Credit cards and free-investment loans are the main digital products. Credit cards account for 58.3% of digital sales of consumer products and free investment loans are 37.9%. 65.8% of consumer product placements (payroll-backed loans, free investment loans, credit cards and vehicle loans) are originated using digital flows.

By product, the utilization of digital flows is as follows: 77.4% of credit cards, 74.6% of free investment loans, 30.2% of vehicle loans. Digital origination continues to increase its share of disbursements in the consumer portfolio and maintain its share in units. In 2023, 19% of disbursements and 59% of units in the consumer portfolio used digital flows.

**Average sales per month Consumer banking**  
(Thousands of units)



**Digital sales Consumer Banking**  
(Disbursements \$ Billions)



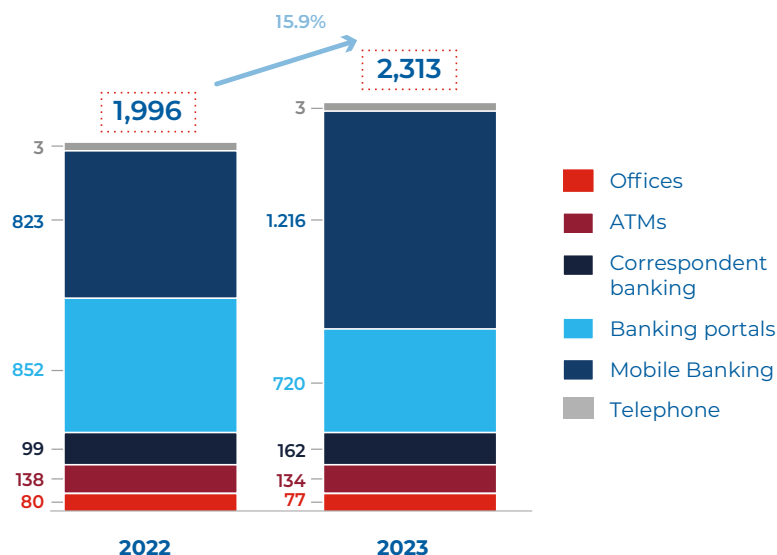
## Development of new digital business models

In recent years, we have focused on renewing the digital experiences of the channels (mobile banking, banking portal and public portals). These improvements have allowed customers to efficiently self-manage transactions that previously had to be done in branches, resulting in an increase in digital customers.

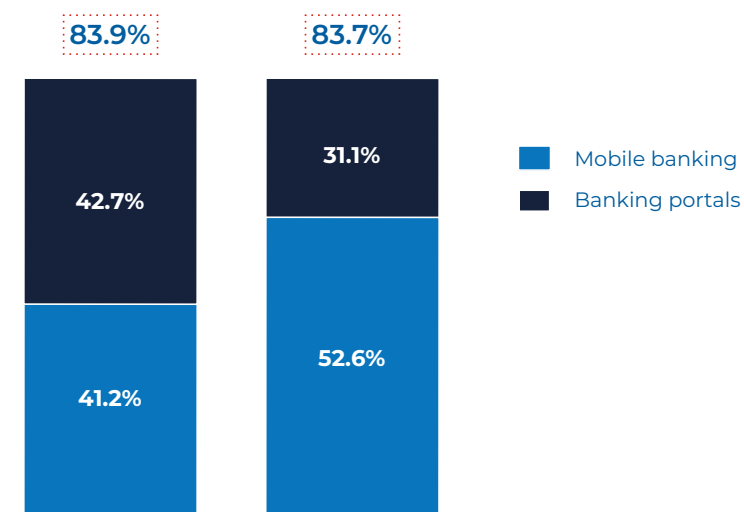
During the year, successful monetary and non-monetary transactions reached 2,313 million transactions, with an annual growth of 15.9%.



## Successful monetary and non-monetary transactions (millions)



## Evolution in digital transactions



Transactions in mobile banking grew by 47.8% and in banking portals decreased by 15.5%. Digital transactions remained stable at about 84% in 2022 and 2023, mobile banking increased its share from 41.2% in 2022 to 52.6% in 2023. During the year, banks migrated 100% of the Banking Portal functionalities to Mobile Banking and dale! was integrated into the channels.

By 2023 we reached approximately 6.1 million digital customers (including 2 million dale! customers!).

## Digital ecosystems

In 2023 we continued to consolidate the mobility ecosystems - Carro Ya, Vivienda - metrocuadro.com and Seguros ADL.

In the midst of the contraction of new and used vehicle sales close to 30%, CarroYa, the mobility ecosystem, generated more than 441 thousand leads in 2023 for Aval Banks. During 2024, the banks will continue to improve the user experience to increase the indicator of disbursed credits / leads, which in 2023 reached 1%. During 2023, CarroYa acquired Fácilpass, a company that enables electronic transactions from vehicles through tags.

In the housing ecosystem, Metrocuadrado is the main portal for publishing real estate sales and rental ads in Colombia. In the year it reached more than 35 million visits, making it the largest real estate portal by traffic, with an average of 255 thousand publications per month and more than 1,200 real estate and construction companies active in the portal.

Through the portal we accompany the client during the process of buying, moving, maintenance and sale, offering clients the product portfolio of Aval Banks. During 2023 we received more than \$446 billion in applications for home purchases and disbursed more than \$5.5 billion.

The insurance ecosystem sold more than 81,000 policies in the SOAT, all-risk insurance and employee benefits lines, which are available in the banking portals and ecosystem experiences.

## Advanced Analytics

Grupo Aval, supported by ADL, has built a set of proprietary assets that allow us to accelerate digital transformation efficiently.

For example, we rely on Augusta, a data platform developed by ADL, 100% cloud and multi-cloud that enables and leverages the construction of ecosystems by integrating the different market players. During the year, 52 cases of advanced analytics were achieved and the capabilities of the 5

data platforms of the consolidated entities were improved. The analytical models include risk, scoring and churn models, among others. One of its main advantages is that it optimizes the use of project data by 55% through the reuse of information.

Mathilde-ads is the advertising ecosystem that generates personalized recommendations of products and services in digital advertising spaces. During 2023, capabilities were integrated for the sale of products in the digital channels of the entities (Mobile Banking and Banking Portal), leveraging Mathilde-ads for the publication of campaigns.

This asset has allowed them to conduct experiments to the different business areas in specific campaigns, for example: reducing the cost of customer acquisition by 40%, increasing turnover by 31% with the implementation of specific campaigns, improving turnover by 26% in transactionally inactive audiences.

The main objective is for companies to get the most out of their data through the use of analytics tools, which are based on Augusta and Mathilde-ads. With different developments we contributed to Grupo Aval entities in digital solutions such as:



Implementation and optimization of recaptcha consumption for Banco Popular Banking Portal



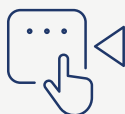
Connections to the Chamber of Commerce web service for data integration for Banco de Occidente



Insights scenario for the first MVP of Aval Advisor for Banco Popular



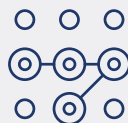
Regulatory Reports Project External Circular 033 for Banco de Bogotá, Banco de Occidente, Banco AV Villas, Banco Popular, dale! and ATH



Sandbox as an asset, achieved its break-even point and positioned itself as the analytics democratization tool in all Grupo Aval entities



API leveraged in generative AI for Banco Popular incorporating artificial intelligence elements for the administration of the Bank's PQRs.



Data API for the migration of dale!



Data Governance and Analytics consulting with CTIC



## Cybersecurity

### FN-CB-230<sup>a</sup>.1 – FN-CB-230<sup>a</sup>.2

Given the current technological landscape, cybersecurity emerges as a fundamental pillar, especially in the financial field, where global interconnection and the digitalization of financial services have reached unprecedented levels. In the Group, information has become one of the most precious assets, and the cyber threats that fall on this asset have multiplied exponentially, putting the integrity and confidentiality of financial data at risk. The growing adoption of disruptive technologies and the sophistication of cyberattacks demand a critical look at cybersecurity as an unavoidable imperative.

In this context, during 2023 Grupo Aval and its entities have continued their process of continuous improvement of the security management model by updating and monitoring key strategies to safeguard stability and trust in the financial environment, where protection against digital threats has become a permanent challenge.

Thus, the group has been strengthening its capabilities for identifying, protecting, detecting, responding, and recovering from cybersecurity attacks, maintaining internationally recognized cybersecurity models such as the NIST Security Framework, Center for Internet Security (CIS) control framework and ISO 27000 standards as a management model, methodologies on which we develop security risk management models.

To ensure compliance with these standards, for several years we have been carrying out constant measurements using a verification by one of the most recognized auditing firms in the market, showing a constant evolution in the indicators that currently place us with an average degree of maturity among our entities of 4.2 (managed) in the Information Security Management System (ISMS).

Likewise, a methodology was defined at the corporate level to measure different security indicators to know the security posture, which allowed us to identify a significant evolution among the entities, going from a posture of 84.1% to 86.9%.

In a complementary way and as part of the growth strategies of medium-sized entities and the real sector, the support service for entities has been strengthened, within which in 2023 accompaniment activities were developed such as execution of social engineering tests, execution of tests on critical platform, accompaniment in cyber – security exercises, execution of Red Team type tests, accompaniment in internal security committees as well as the follow-up of the work plans derived from the previous activities.

Another focus is the definition of security baselines for all the Group's Entities, the objective of which is to standardize and expand technical security controls and optimize costs in their deployment through the definition and management of corporate agreements with suppliers, highlighting a level of 93% adoption in entities, for which the following activities were carried out:

- Structuring of category commissions with the participation of entities to acquire security technologies such as Security Service Edge, automatic information labeling, Network Traffic Analyzer, Detection and Response and identity services for the Open Banking initiative.
- Selection and negotiation of technologies for the technological update of security event correlation services, highlighting that this update will provide new functionalities and capabilities for the performance of cybersecurity monitoring by the Corporate SOC using artificial intelligence techniques.
- Permanent monitoring of the adoption and/or updating of protection technologies selected during previous periods such as Endpoint Detection and Response – EDR, User and Entity Behavior Analytics – UEBA, Cloud Security Posture Management – CSPM, Security Orchestration Automation and Response – XSOAR, Cloud Access Security Broker – CASB, Intrusion Prevention System – IPS and Network Access Control – NAC, among others.
- Update and extension of the validity of agreements necessary for the management of DKIM/DMARC services for email control, File Integrity Monitoring for file configuration verification, penetration testing services, cyber intelligence services, early warning identification services, virtual patching, and anti-phishing services.



In addition, progress was made in strengthening the Group's response capabilities through the evolution of the **Corporate Computer Security Incident Response Team** (CSIRT Coordinador Aval) in which numerous communications were generated and investigations were carried out on emerging risks and digital threats, vulnerabilities that could affect the Entities were reported and constant monitoring was carried out for correction. The Indicators of Compromise (IoC) identified worldwide to prevent attacks on our infrastructure were reported, training was carried out aimed at the response to security incidents, including the participation and/or leadership of individual attack drills in each Entity, simultaneous at the corporate and sectoral level together with the Asociación Bancaria and the other banks in Colombia.

At the corporate level, the incidents presented in the entities were monitored, highlighting that for 2023 there were no high-impact incidents that would have generated significant materiality at the Grupo Aval level.

In 2023, in Grupo Aval and its entities, although there were small non-material incidents, there were no data breaches that resulted in a deviation from the expected results in terms of confidentiality and integrity. In the event of a material incident, Grupo Aval will disclose the event information in accordance with current regulations.

It is the primary function of corporate security teams to promote the proper management of the security model in business projects and initiatives and thus

ensure their proper alignment with the security model, which is why during 2023 we focused our efforts on key projects and initiatives such as:

- dale! 2.0 technology platform update.
- Security definitions for Open Banking.
- Securing Cel to Cel transfers.
- Definition of security guidelines for the use of artificial intelligence.
- Definition of safety guidelines for scraping containment.
- Implementation of security strategies for corporate, personal banking and card-not-present purchases.
- Definition of security guidelines for the Data Lake.
- Implementation of Facial Biometrics technologies in critical business transactions.
- Defining security controls in CRM solution migration.
- Implementation of controls for treasury management systems.
- Definition of security guidelines for the management of backup and virtualization platforms.

By 2024, our goal is to continue strengthening the security levels of our entities, for which we will focus on 6 corporate strategies:



Taking advantage of synergies between the entities, increasing the centralization of some operations in a shared corporate center.



Concentration of efforts in the smaller companies of the group, extending the capabilities of the parent companies and taking advantage of corporate synergies.



Increase the Group's capabilities by using artificial intelligence tools that are capable of automatically identifying threats and acting in an automated manner to threats.



Strengthen the architectures defined for the management of services by third parties, as well as the processes for monitoring and compliance with the security policies defined for the providers.



Expand the implementation of security in all technological elements by applying the defense-in-depth methodology, monitoring vulnerability management more deeply, and monitoring the updating of technological obsolescence.



Increase recovery capabilities in the event of cybersecurity incidents, strengthening the entities' datacenters and backup systems that allow them to recover quickly from any event.



**We make Group  
with the transparency**

Grupo  
**AVAL**  
Hacemos grupo con todo el país

# Integrated risk management



## Risk management and compliance

At Grupo Aval, aware of the importance of risk and compliance management as a fundamental cornerstone for the proper development of our businesses, we have a risk and compliance management structure in place in accordance with the volume and complexity of the activities we carry out, under a comprehensive approach.

From the Holding Company, we have a team that is independent from the business units and provides, among other objectives, guidelines for the proper management of risks and monitors the results of their management efforts.

Through the risk management team at the corporate level and in the subsidiaries, we seek to ensure that financial and non-financial risks are in line with the risk appetite, and that they are consistent with the strategic objectives established to ensure long-term value for stakeholders. We monitor changes in the business environment to adjust risk exposure when deemed necessary and anticipate possible impacts on the operation.

With respect to compliance management in Grupo Aval, we have established and/or strengthened programs in place aimed at fostering a business culture based on ethical principles of integrity and transparency, ratifying the prohibition of improper practices and misconduct by our employees and stakeholders.

As part of the strengthening of the risk culture, our integral model includes the execution of training programs both at the Holding Company level and by our subsidiaries, which include regulatory and methodological aspects of each of the risk systems and compliance programs.

### 205-2

In the case of the Holding Company, training programs reached 98% of the employees, and in our subsidiaries, they averaged 98%, as shown below:



| Entity             | % Compliance with Training |
|--------------------|----------------------------|
| Banco Bogotá       | 99,8%                      |
| Banco de Occidente | 96,8%                      |
| Banco AV Villas    | 96,8%                      |
| Banco Popular      | 99,3%                      |
| Corficolombiana    | 98,5%                      |
| Porvenir           | 99,7%                      |
| <b>Average</b>     | <b>98%</b>                 |



The risk and compliance areas both in the Holding Company and in our subsidiaries follow up on the training programs in order to achieve 100% compliance.

Risk and compliance management in Grupo Aval is carried out on three fronts, all aimed at complying with current regulations and good risk practices applicable to the Holding Company and its subsidiaries:

- Risk management of the Holding Company as a securities issuer.
- Management of the conglomerate's own risks, in accordance with the regulation of Law 1870 of 2017.
- Monitoring the management of corporate risks, which are those to which our subsidiaries are exposed in the fulfillment of their corporate purpose (credit risk, market risk, liquidity risk, operational risk, business continuity, and transactional external fraud risk), as well as compliance programs (money laundering, anti-corruption and information security).

## Governance Structure

The Board of Directors of the Financial Holding Company is the highest body in risk management and compliance for the Financial Holding Company and for the regulation of Financial Conglomerates applicable in instances of the enactment of Law 1870 of 2017. In addition, it provides guidelines to its subsidiaries in the areas of operational risk, money laundering and terrorism financing, information security and anti-corruption.

As part of the compliance with the Conglomerates Law, in June 2021, our Board of Directors implemented the Risk Committee of the Board of Directors, which is responsible for monitoring the conglomerate's own risks established under the applicable regulations, i.e., contagion, concentration and strategic risks and to have a general knowledge of the risks of the entities that make up a financial conglomerate.

Additionally, Grupo Aval's Audit Committee is the governance body to which the results of the management of corporate risks and compliance programs are presented in compliance with its functions.

Regarding corporate risk management and compliance, we provide instructions and guidelines for their management.

## Risk Appetite Framework

In order to have a reference framework for us to adequately monitor the different risks, we have defined guidelines based mainly on the management models established by the Finance Superintendence of Colombia, aimed at ensuring that our subsidiaries maintain risk management practices, as well as quantitative and qualitative metrics to facilitate our monitoring and that of control bodies.

Moreover, we have defined a risk management framework for the Financial Conglomerate which includes governance elements, methodologies, monitoring and reporting mechanisms that seek to meet the requirements

established in Chapter XXX of the Basic Accounting and Financial Circular issued by the Finance Superintendence of Colombia.

## Risk Management

As indicated above, in our risk and compliance area we manage risks at different levels of application. For this purpose, we have established methodologies based on the regulatory requirements that we or our subsidiaries must meet and on the best practices for the financial industry, such as those defined by the Basel Committee, among others. This management seeks to permanently strengthen the risk culture.

Through these quantitative and qualitative methodologies established for the management of financial and non-financial risks, we seek to identify and mitigate the potential risks to which the Financial Holding Company, its subsidiaries and those that could affect the Financial Conglomerate are exposed.

## Financial Holding

Our Financial Holding Company mainly faces operational risks understood as the possibility of losses derived from deficiencies, failures or inadequate functioning of processes, human resources, infrastructure, technology and external events. For its management, we maintain an Operational Risk Management System (SARO) developed under the reference framework of the Basic Accounting and Financial Circular of the Finance Superintendence of Colombia. We develop your stages of identification, measurement, control and monitoring on the relevant business processes.

We have an operational risk manual which is reviewed annually to verify its adequate updating, which contemplates the policies, standards, responsibilities and procedures that seek to ensure that the operation is carried out within the risk levels defined according to the nature of the business. This manual is published on our website: <https://www.grupoaval.com/repositorio/grupoaval/acerca-de-nosotros/responsabilidad-social-y-corporativa/Manual-Sistema-para-la-Gestion-Riesgo-Operacional-Grupo-Aval.pdf>

We have trained all of the Company's employees to strengthen the basic concepts of the operational risk management model.

In the operational risk management system, we have carried out the risk assessment and controls that allow us to have inherent and residual risk maps, which are within the accepted profile without exceeding the levels defined in the Holding. At the same time, the event reporting channel remains available to all personnel, which allows the detection of potential risks and anomalous situations that threaten the operation of missionary activities.

During 2023, no operational risk events were reported that impacted the Holding Company's income statement.

With regard to Business Continuity Management, we have applied the good practices of the DRI (Disaster Recovery Institute International) and the ISO 22301 standard (Standard for Business Continuity Management); we have an adequate level of maturity of the Business Continuity Management System that reflects the commitment of management to its stakeholders. During 2023, a continuity test was carried out, which presented a satisfactory result that shows the effectiveness of the strategies and the preparation of the technological teams and processes. As part of operational resilience, critical processes have contingency solutions that allow, at levels considered acceptable, to continue providing services, strengthening the confidence of our investors and stakeholders in case of events that interrupt the normal operation of the Holding.

The results of the Financial Holding's risk management are presented every six months to our Audit Committee.

## Financial Conglomerate Risks

In compliance with the regulations of Law 1870 of 2017, in 2021 we implemented the Financial Conglomerate Risk Management Framework (RMM), which allows us to manage concentration, contagion and strategic risks and have a general knowledge of the risks to which the entities that make up the Financial Conglomerate (hereinafter conglomerate) are exposed. To this end, Grupo Aval established the methodologies, government instances and reports that meet regulatory requirements.

During 2023, our Risk Committee of Grupo Aval's Board of Directors met on seven occasions in which they discussed, among other topics, the results

of the application of the MGR's risk management methodology, which includes the monitoring of the conglomerate's own risk dashboards and the results of the indicator dashboards of the subsidiaries that make it up; evaluating the effectiveness of the MGR and reviewing the policies of the MGR for approval by the Board.

As a result of this management, we conclude that, during 2023, the conglomerate's own risks were within the levels approved by our Board of Directors. Regarding the results of the dashboards for monitoring the risks of the subsidiaries, it was established that in those cases in which there were deviations in the risk levels, the subsidiaries carried out the monitoring through the corresponding government bodies.

For 2024, we will continue strengthening our methodologies by deepening our identification of the factors that impact the conglomerate's inherent risks.

In addition to the management of the conglomerate's risks, in accordance with Decree 1486 of 2018, we must monitor compliance with the Policy for the Exposure and Concentration of Risks between Entities that make up the Aval Financial Conglomerate and between them and their Related Parties, for this purpose during 2023 we carried out the following activities:

- Quarterly monitoring of the eligible exposures established in the policy and its limits, evidencing their compliance.
- Quarterly presentations to the Board of Directors on monitoring compliance with the Policy.
- Transmissions to the Finance Superintendence of Colombia within the deadlines established by the regulatory body

For the year 2024, we will continue to strengthen the monitoring mechanisms and incorporate into the Policy the regulatory changes foreseen on the occasion of the issuance of Decree 1533 of 2022 on large exposures and its corresponding regulations by the Finance Superintendence of Colombia. (See Note 4.1.8 to the Separate Financial Statements).



## Corporate Risk Management

(financial subordinates)

From our risk area at Grupo Aval, we support the management of the risks to which our subsidiaries are exposed in the development of their corporate purpose. This monitoring is carried out through the issuance of policies, guidelines and corporate committees made up of those responsible for risk management of each subsidiary, the monitoring of follow-up indicators, regulatory studies that impact their management and accompaniment in the implementation of regulations such as the one related to the Comprehensive Risk Management System (SIAR) which came into force on June 1, 2023.

The results of corporate risk management are presented every six months to our Audit Committee.

### Credit Risk

Given the nature of our business, credit risk is one of the most significant risks to manage for our group. Our Banks are exposed to credit risk, which is the risk of financial loss as a result of the debtor's failure to perform its contractual obligations in financial transactions in a timely and complete manner.

2023 was a year that presented an economic dynamic that generated challenges for our Banks, mainly framed by a slowdown in the economy, largely due to lower levels of confidence in households and companies, in the midst of an environment of high interest rates and high inflation, affecting consumption habits and investment in the country, with repercussions on the national dynamics of the financial sector, mainly due to the decrease in the placement of credit and the general increase in the portfolio quality indicators of the financial system

All these situations highlight the importance of deepening credit risk monitoring and generating assertive and timely strategies for credit risk management.

Our Banks have a credit risk management system, which includes the design, definition, and evaluation of risk policies and tools defined by the corresponding agencies, which are periodically reviewed and modified based on changes and market expectations, regulations, among others.

### Origination

For the process of granting credits, our entities have different models that support the development of the business strategy and the adequate assessment of credit risk, these models and methodologies seek to support the origination processes of the different solutions depending on the segment and profile of the customers.

For our Banks, the commercial portfolio mainly has rating models, based on the financial information of the customers, financial history with our entities or with the financial system. For the massive portfolio, there are mainly scoring models which are based on behavioral information, sociodemographic variables and the customer profile; and financial risk analyses are carried out, based on the debtors' ability to pay and their future generation of funds. Progress has been made in the implementation of new mechanisms or tools with the use of non-traditional information, which support the methodologies for estimating payment capacity for smaller customer segments.

### Credit Risk Monitoring

The process of monitoring and tracking credit risk of our Banks is carried out in several stages that include monitoring and collection management, taking into account different analyses of the non-performing loan portfolio by default rate, ratings by risk levels, portfolio bearing by height and rating permanent follow-up to high-risk customers, restructuring processes and assets received in dation in payment.

In support of the follow-up and monitoring process, our Banks have developed updates, methodologies and sectoral analyses to specifically manage the credit risk of the different businesses, taking into account the possible effects that may arise in the portfolios generated by the international and national situation. In the consumer portfolio, we review the elements of the credit cycle, from the design of origination models to collection processes, and in this way, strategies are established that allow adjustments to be made to mitigate the risk of these portfolios.

## Recovery

Our Banks have methodologies and strategies to manage the portfolio in its recovery process, developing new mechanisms that reinforce and improve the portfolio recovery cycle, recognizing the different risk situations particular to the different segments and focusing on them.

From Grupo Aval's risk area, we carry out permanent monitoring of the portfolios of our Banks. Some of the actions we have carried out to perform adequate monitoring are the following:

- Accompaniment in the analysis and commentary on the main regulations issued.
- Quarterly monitoring of sectors that may present greater risk through a traffic light classification that seeks to collect and make a recommendation on the impact of the current situation on the different sectors.
- In addition, the monitoring of the commercial portfolio by sector was strengthened with the estimation of different indicators that seek to collect the behavior by concentration of balances, indebtedness and customers that allow us to anticipate changes in payment habits
- Periodic meetings to evaluate and analyze current issues of interest with our banks.
- Monitoring of the consolidated credit portfolio, which includes, among other topics, the monitoring and management of the behavior of the portfolios by segment, composition and evolution, credit quality, loss absorption capacity, main customers and high-risk customers and behavior of restructured customers.
- We complement this monitoring with the information provided in the quarterly follow-up meetings we hold with each of our Banks. In these meetings, they share with us, among other aspects, the results, the strategies for each of the segments and products of their portfolios, the economic performance perspectives that the entities are evaluating, and the behavior and strategies related to the indicators of the Risk Appetite statement of each of them.
- On a quarterly basis, we monitor the concentration of the commercial portfolio in 25 economic sectors and their level of risk.

We seek to establish monitoring procedures that allow us to identify deviations and we prepare periodic reports and monitoring dashboards to the Presidency of Grupo Aval and the Audit Committee on the monitoring and management of credit risk of our Banks.

In order to prevent concentrations of credit risk at the individual level and by economic groups at the consolidated level with our four banks in Colombia, in the Financial Holding we have debt limits and criteria, defined by segments, that establish the pertinent instance to which customers who may present potential cases of concentration must be referred.

This methodology takes into account indicators, with their respective limits, in order to determine possible concentration risks. Among the indicators are borrowing requested, maximum exposure to Aval Banks, equity support and income generation. During 2023 we held 51 meetings where we sought, among other aspects, to mitigate concentration risk, discussed sectoral, customer or economic group issues from the perspective of each of the credit areas of our Banks, strengthening the monitoring of their portfolios.

## Environmental and Social Risk Management System – ESRMS (SASB FN-CB-410<sup>a</sup>.2)

Since 2020, Banco de Bogotá, which is our main financial institution, has been able to identify environmental and social risks of customers who go through the process of granting Commercial Credit, through the Environmental and Social Risk Management System –ESRMS for customers with a debt limit greater than or equal to \$21 billion pesos. Through a form, they collect information related to the environmental and labor situation of their clients and manage to categorize clients into three levels of environmental and social risk, which helps them issue control and monitoring recommendations, aimed at mitigating possible environmental and social risks that may arise in their commercial portfolio. During 2023, the Bank carried out 402 customer analyses, within the ESRMS methodology, with an increase of approximately 11% compared to the previous year, categorizing each customer into one of the three levels of risk defined (high, medium, and low), distributed in 18.5% in high risk, 76.5% in medium risk and 5% in low risk. The total assessed amount at the end of December 2023 is \$31 trillion pesos.

During 2023, Banco de Bogotá made improvements to the ESRMS process, by making adjustments to the Environmental and Social Risk Identification Form in order to obtain information on customers' capacity to mitigate climate change risk and strengthen its analysis, along with the use of public platforms and tools that help evaluate the strategies or actions that are in the design or implementation stage by the clients, to mitigate possible

impacts and identify in the client's analysis the level of dependence on ecosystem services and the impacts associated with the economic sector to which the clients belong.

As part of the commitment to manage the environmental and social risks related to the lending activity of our banks, during 2023 Grupo Aval continued to support Banco de Occidente, Banco Popular and Banco AV Villas in the implementation initiative of the Environmental and Social Risk Management System –ESRMS, through monthly meetings aimed at resolving particularities that arose in the diagnostic phases, design, testing and implementation of ESRMS. These three banks had the support of an expert consultant in the implementation of this work. It is expected that in 2024 the full implementation of ESRMS will be achieved, to manage the environmental and social risks of the loan portfolio in our banks, minimizing the probability of occurrence of these risks and directing financial flows towards economic activities that adequately manage the impact on society and the environment.



## Climate Change Risk (SASB FN-CB-410<sup>a</sup>.2)

The risks linked to climate change have implications that have an impact on the financial sector. It is a cross-cutting risk that affects financial institutions through traditional risks, for this reason our banks have been working, or have a goal for 2024, to develop a process of mapping and identifying climate change risks (physical and transitional), assessing the need to strengthen their prevention mechanisms, containment, mitigation, and resilience. It is important to note that progress in this process varies in each of our banks, reflecting different levels of progress.

In 2023, Banco de Bogotá has presented progress in the methodology adopted to manage transition risk in the loan portfolio, through a "transition score", starting with the corporate and business segments, which represent 71% of the corporate portfolio. As of December 2023, the results of the analyses show that there are two levels of risk that need to be monitored. However, they are in the process of evaluating the information to understand the mitigation capacity of customers. Regarding physical risks, in 2023 an approach to the possible effects of the El Niño phenomenon was incorporated, considering the forecast of the International Center for Research on the El Niño phenomenon and IDEAM, on the presence of this phenomenon for the second half of 2023. Defining a pilot plan carried out in 2023 and projected for 2024, in three milestones (historical analysis events, modeling scenarios and adaptation recommendations).

## Counterparty Risk

Counterparty risk refers to the possibility that an entity will incur losses and decrease the value of its assets as a result of the default of one or more transactions by its counterparties, in which event it must cover the default with its own resources or materialize a loss on its balance sheet.

To properly manage this risk, our subsidiaries have policies, guidelines and processes in place to minimize the likelihood of such events occurring.

With respect to operations for treasury activities, the Board approves credit lines for counterparties. Risk control is essentially carried out through three mechanisms: periodic approval of credit lines, evaluations of the conditions of issuers at least once a year, and reports on concentrations by client or economic group.

These concentration limits are based on market liquidity and volatility, operational capacity, valuation and credit quality of counterparties.

During 2024, our subsidiaries carried out evaluation exercises to determine the credit limits for treasury operations for their counterparties, based on

the analysis of their financial results, the growth prospects and expected performance of the markets where they operate, and the evaluation of future trends that could deteriorate their performance. Our financial subsidiaries apply a model for the estimation of impairment of investments, which corresponds to a model of expected credit loss based on the provisions of the IFRS9 standard. In general, all financial assets generate a reserve based on the expected losses for the next 12 months or for the entire remaining life of the financial asset.

This model is applicable to those investments of our subsidiaries that are classified at Amortized Cost and Fair Value with Changes in Other Comprehensive Income within any of the following categories: fixed-income securities, interbank, repurchase agreement, simultaneous transactions, term deposits and bank deposits.

## Market risk and liquidity risk

In accordance with the provisions of the Finance Superintendence of Colombia, market risk is the possibility that an entity may incur losses associated with the decrease in the value of its investment portfolios and/or the investment portfolios of third parties under its management due to variations in the price of the investments in which it holds positions on or off the balance sheet. Liquidity risk is the possibility that an entity will incur losses associated with the contingency of not being able to fully meet, in a timely and efficient manner expected and unexpected current and future cash flows, without affecting the course of daily operations or the financial condition of the entity.

## Market Risk Management

Our subsidiaries have a market risk management system that allows them to effectively identify, measure, control and monitor this risk, through corporate policies that frame risk management and governance, in line with current regulations. This management system allows subsidiaries to make timely decisions for adequate risk mitigation, in accordance with the provisions of the Comprehensive Risk Management System (SIAR).

The risks assumed by our subsidiaries in both the bank book and treasury book operations are consistent with the general business strategy of each of them and their risk tolerance, as set out in the Risk Appetite Statement (DAR) and the Risk Appetite Framework (MAR) approved by their respective Boards of Directors, based on the depth of the markets for each instrument, its impact on the weighting of assets by risk and solvency level, the profit budget established for each business unit and the structure of the statement of financial position. Likewise, our subsidiaries have a structure of limits consistent with their capital levels, earnings performance and risk tolerance of the entities.





Our subsidiaries quantify market risk through value-at-risk models (internal and standard). The standard model for measuring market risk is composed of 5 modules which are calculated separately and aggregated arithmetically: interest rate risk, exchange rate risk, share price risk, price risk in collective investment funds and credit derivatives risk.

For the interest rate and equity modules, only the positions in the cash book are taken into account. In the case of the exchange rate module, the bank book items are also included. For the calculation of the exchange rate module, the regulation contemplates a series of conditions for those entities that would like to exclude the value of the discovered portion of their controlled investments abroad

Likewise, our subsidiaries have internal processes and measurement methods based on parametric and non-parametric models, which complement market risk management by identifying and analyzing variations in risk factors (interest rates, exchange rates and price indices) on the value of the different instruments that make up investment portfolios.

With regard to balance sheet risk management, the Financial Holding Company has initiated a process of evaluation and monitoring of the operation of the ALM areas of our Banks: governance, policies, guidelines, processes and balance sheet risk management. This review is carried out as part of the follow-up to the practices for balance sheet risk management that were adopted 4 years ago in order to implement international standards to improve the processes of pricing, management of balance sheet gaps and improvement of risk measurement metrics.

The establishment and formalization of the practices, metrics, processes and strengthenings of decision-making bodies, such as the ALCO Committee in each of our Banks and the corporation, allows the adoption of the guidelines established by the Finance Superintendence for the management of interest rate risk of the bank book (CE 025 of 2022 - RTILB), to be carried out through a solid, technical and more mature management structure.

However, the challenges identified at the beginning of this process are few, compared to the environments that the Colombian financial sector has had to go through during this time (pandemic, high inflation rates, contractionary monetary policy measures).

For this reason, since September 2023, a process of strengthening and improving the balance sheet management of our Banks has begun, with the support of PWC (international consultant), through which current models will be challenged, international best practices will be adopted and technical and methodological tools will be provided that allow us to better anticipate the current and future challenges faced by the banking sector.

## Liquidity Risk Management

Liquidity risk is related to the possibility that our subsidiaries may fail to meet their obligations to customers and counterparties in the financial market at any time, in any currency and in any place, for which each entity reviews its available resources on a daily basis. In this sense, our subsidiaries manage this risk in accordance with the rules relating to liquidity risk management through the principles established in the different Liquidity Risk Management Systems (SARL), which establish the minimum prudential parameters that institutions must supervise in their operations in order to efficiently manage the liquidity risk to which they are exposed (Chapter XXXI of the Basic Accounting and Financial Circular).

To measure liquidity risk, our subsidiaries classified as credit institutions calculate the short-term Liquidity Risk Indicator (IRL) under the standard model for terms of 7, 15 and 30 days. This ratio is defined as the difference between adjusted liquid assets and net liquidity requirements.

Likewise, our subsidiaries must measure the stability of their funding in relation to the composition of their assets and off-balance sheet positions over a one-year horizon through the Net Stable Funding Coefficient (CFEN) indicator. At all times, they must have sufficiently stable sources of funding so that, even in stressful situations, they can count on sufficient resources or collateral to continue with the normal development of their business and make payments to their customers and counterparties in a timely manner.

Through the Asset and Liability Committees (ALCOs), the senior management of each subsidiary knows the liquidity situation of the subsidiaries and makes the necessary decisions, taking into account the high-quality liquid assets to be maintained, the tolerance in the management of liquidity or minimum liquidity, reserve requirements, strategies for granting loans and raising funds, policies on the placement of surplus liquidity, changes in the characteristics of existing products as well as new products, diversification of sources of funds to avoid the concentration of deposits in the hands of a few investors or savers, hedging strategies, the results of our subsidiaries and changes in the structure of the statement of financial position.

## Market Risk and Liquidity Risk Monitoring

Grupo Aval, through our risk and compliance area, monitors the market risk exposure of subsidiaries in normal and stressful circumstances. To achieve this objective, the following elements are established:



**Guidelines and instructions:** these are issued through the Corporate Risk Management and the Conglomerate and are intended to require subsidiaries to provide sufficient information to establish the market risk situation on a regular basis and/or in extraordinary situations.



**Corporate Market Risk and Liquidity Committee:** this committee is the tactical body in charge of analyzing the Market and Liquidity Risk of the conglomerate's main subsidiaries. In this committee, they work together with the Holding Company and its subordinates in defining best practices for the management of Market and Liquidity Risk.

During 2023, 7 sessions of the Corporate Market and Liquidity Risk Committee were held, in which the following topics were discussed, among other topics: monitoring the results of the application of the impairment model, review of corporate indicators, and review and study of the standard that updated the guidelines for the measurement of the CFEN indicator. Likewise, the regulatory projects related to the management of market risks (bank book and treasury book), and liquidity, and which are expected to be published in the course of 2024, were discussed and commented on.

The year 2023 was a particularly challenging year due to high interest rates, which made funding and liquidity costs more expensive, and a particularly high level of inflation that affected consumption, retracted production and discouraged investment.

The low economic growth achieved in the year is the result of the influence of the contraction policy of the Central Bank (in November 2023 an intervention rate of 13.25% was reached), a devaluation of the currency close to 8% and the low execution of the government in terms of investments in infrastructure, public works and support programs for key sectors such as housing construction.



Towards the end of the year, the cooling of the economy was confirmed, explained by the contraction of key sectors such as building construction, industry, metallurgy, commerce and services, accompanied by the slowdown and beginning of contraction in consumption. This allowed the country's inflation to end the year at 9.28% and allowed the Central Bank to lower rates for the first time since 2020, reaching 13%.

The investment portfolios of our subsidiaries, constituted as structural liquidity buffers aimed at fulfilling contractual and non-contractual obligations in normal and stressful situations, are characterized by their high liquidity and stability. In such a scenario, interest rate fluctuations, although they have an effect on its market value, their effects are considered at the holding period determined in the business model of each Entity.

However, the performance of such portfolios and their effects on the OCI and the income statement of the subsidiaries are monitored, as well as the periodic review of investment strategies, aimed at minimizing the materialization of the risks inherent to such investments.

During 2023, our subsidiaries complied with the regulatory requirements for market and liquidity risk established by the Finance Superintendence of Colombia.

## Operational Risk and Business Continuity

As part of the guidelines for operational risk management, Grupo Aval's Board of Directors issued the Policy for Operational Risk Management.

During 2023, 12 sessions of the Corporate Operational Risk Committee were held, in which the following topics were discussed, among other topics: review, study and update of corporate policies and guidelines for operational risk management, monitoring of the main types of operational risk identified in subsidiaries in order to share good practices for their mitigation, review of corporate indicators and their results, follow-up of the process of certification of operational risk event bases of the entities with the supervisor.

In addition, we monitor the impacts of VerRO operational risk on the solvency of each of the entities.

With respect to corporate business continuity management, 8 sessions of the Corporate Business Continuity Committee were held, in which good practices were shared regarding the performance of the business impact analysis (BIA), risk assessment, assessment of critical suppliers, among others. The validation of corporate business continuity strategies continued, taking into account the group's synergies; in this forum, other topics were discussed, such as

monitoring compliance with the corporate policy, management indicators, reports to Grupo Aval and the administration and management of crises in each of the subsidiaries.

During 2023, Grupo Aval and its subsidiaries have strengthened business continuity plans, adding value to recovery and restoration strategies, thus increasing the levels of resilience of each of them.

## Risk of Transactional External Fraud

In order to strengthen the external transactional fraud prevention practices adopted by the subsidiaries and achieve a corporate approach, during 2023 a system for the management of External Transactional Fraud Risks was implemented that seeks to collect the best practices for the mitigation of this type of risk. With the support of a consulting firm and the entities, a Corporate Policy was established for the management of the Risk of External Transactional Fraud through which the guidelines on the matter were issued, the corresponding Corporate Committee was created, which met on 6 occasions studying the main casuistry identified in the entities and defined the corporate indicators for the corresponding monitoring.

During 2024, we will continue to strengthen the management of this risk, seeking the continuous improvement of mitigation mechanisms.

## Compliance Management

### Money Laundering and Terrorism Financing

At Grupo Aval and its financial subsidiaries we comply with the guidelines established by local authorities and the Finance Superintendence of Colombia (which, in turn, follows international standards) by implementing a system for the management of risks related to money laundering and terrorism financing (Money Laundering and Terrorism Financing Risk Management System - SARLAFT) that includes the identification, measurement, control and monitoring; functions to prevent and mitigate the materialization of risks related to money laundering and terrorism financing, a methodology that is regularly updated.

Likewise, in compliance with the regulations of the Superintendence of Companies, the obliged entities of the non-financial sector have also implemented the control system for the prevention of money laundering and financing of terrorism called the Comprehensive Self-Management System of Risk of Money Laundering and Terrorism Financing – SAGRILAF.

We have the Corporate Policy on Money Laundering and Terrorism Financing, approved by the Board of Directors of Grupo Aval, which includes the

regulatory guidelines and best practices, which was implemented by the subsidiaries after approval by the Board of Directors of each entity.

We have established monitoring tools to measure the maturity level of the system, which consist of an annual self-assessment that includes qualitative factors of the compliance program ranging from the control environment to monitoring the effectiveness of controls. We also have other management indicators that allow us to monitor compliance with the program at the Group level.

During 2023 we held 5 Corporate Committees with the participation of the Compliance Officers of the main entities. Through this committee, the Holding ensures that best practices are adopted by each entity and we carry out a periodic review of the methodology and risk factors, risk materializations and other elements of the system. These committees also carry out evaluations to determine if there are gaps and opportunities for improvement in: policies, customer knowledge, identification of unusual operations, status of communications, development and maintenance of systems, degree of compliance, strategy, governance and control architecture, among others. The Compliance Officers of each subsidiary are required to report regularly to their board of directors on key findings, compliance with management indicators, and anti-money laundering risk assessment.

Annually, each subsidiary certifies to the Holding the degree of compliance with corporate policies and procedures, based on the program's maturity goals. In accordance with this, each of our subsidiaries must comply with the minimum standards defined by the Holding, although the applicable regulation may be less demanding.

In 2023, the financial and non-financial subsidiaries completed the transition to the Finance Superintendence's value chain methodology, which included the redefinition of causes, risks, and some controls.

The SARLAFT of financial institutions, the SAGRILAFT of non-financial entities obliged by the Superintendence of Companies and the SIPLA applicable to issuers of securities not supervised by the Finance Superintendence, were audited by the Internal Audit Office and the Statutory Auditor's Office.

Finally, during 2023 we trained 100% of new employees and 98% of old employees and no breaches of the Policy by the Group's employees were identified.

Our Corporate Policy on Money Laundering and Terrorism Financing is published in: Corporate Risk Policy on Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/responsabilidad-social/Corporate-Money-Laundering-Terrorist.pdf>

## Anti-Corruption Program

### 205-1, 205-2, 205-3

Through the Anti-Corruption Compliance Program (ABAC), implemented in Grupo Aval, we seek to integrate the elements of the internal control system to prevent and manage corruption events identified in the Group, directing and promoting the principles and values promulgated in relation to our business ethics and corporate policies.

The objectives include promoting an ethical culture to mitigate the risks of corruption in the relationship with third parties, as well as establishing guidelines to prevent, investigate and remedy, effectively and in a timely manner, possible cases of corruption.

We have the Corporate Anti-Corruption Policy approved by the Board of Directors of the Holding Company and shared with the main subsidiaries who communicated it to their affiliates, for review and approval by the Board of Directors of each entity.

We have incorporated the ethical component with greater emphasis in the Compliance Program. In the Corporate Anti-Corruption Policy, we declare the principle of "zero tolerance" to this type of risk, which implies compliance with high standards of ethics in operations, mainly in relation to: management of conflicts of interest, donations, sponsorships, public or political contributions, gifts or invitations, acquisitions, joint ventures and associates, context pillar (society and environment) and third party intermediaries (TPI) and precise and detailed guidelines that must be complied with when any of these operations are carried out have been established through instructions.

At the Holding Company and its subsidiaries we have designed controls to safeguard that our employees act with integrity in all their dealings and strictly prohibits corruption in any of its forms. The anti-corruption principles are set out in the corporate policy and are summarized below:

➤ Our employees and those of all entities must conduct their business in a fair, honest, responsible and transparent manner; therefore, all forms of bribery and corruption, including facilitation payments, are strictly prohibited..

➤ Gifts or entertainment must always be proportionate and reasonable, must have a legitimate purpose, and must not create a conflict of interest or the perception thereof.

➤ Donations and sponsorships are controlled, regulated by strict principles and must be reported to Anti-Corruption Compliance Officers.

➤ Challenge questionable behavior, and suspected payments or inappropriate activities should be reported to management or can be reported through reporting channels.

➤ Establish minimum expected standards in the administration of transparency for the accounting record of transactions and monitor that such records reasonably and fully reflect these transactions.

➤ Ethics hotlines are available to employees and third parties. Any complaints are carefully investigated, ensuring appropriate actions and anonymity for whistleblowers. Other means such as email can be used to report corruption events.

We have established a corporate methodology to identify, assess, document and manage corruption risks. An assessment of the inherent risk is carried out every six months through the risk-controls matrix, applying the approved

methodology; as well as an annual assessment of the corruption risk outlook at the level of each entity.

During 2023 we held 6 Corporate Committees with the participation of the ABAC Officers of the main subsidiaries, where we ensured the adoption of best practices and current regulations, reviewed the risk control matrix and methodology, among others.

Likewise, we have designed an annual self-assessment and certification process applicable to all subsidiaries that consists of evaluating the control environment and the way in which each of them is mitigating the anti-corruption risks identified, with emphasis on the special operations detailed above, and each subsidiary must annually certify compliance with the minimum standards defined by the Holding.

During 2023, the Group's subsidiaries complied with the corporate indicators of high-impact events and confirmed complaints in the ethics line related to corruption, without identifying materialized corruption events or complaints whose investigations conclude in acts related to corruption.

Grupo Aval and its main subsidiaries during 2023, did not make contributions to public or political campaigns, we evaluated approximately 1,018 special operations reached by the program, of which 267 and 426 correspond to donations and sponsorships, respectively. The most significant donations were made to promote comprehensive cancer care and research in Colombia and the region. The Holding carried out 5 sponsorships mainly related to sports days, public space programs, seminar logistics and institutional forums.

| Type of Operation               | Number       |
|---------------------------------|--------------|
| Donations                       | 267          |
| Sponsorships                    | 426          |
| Others                          | 325          |
| <b>Total Special Operations</b> | <b>1,018</b> |

Finally, during 2023 we trained 100% of the new employees and 98% of the Holding's old employees, complying with the annual training plan; we also carry out training from the Holding aimed at employees of both the first and second line subsidiaries on the Corporate Policy and specific topics related to special transactions and intermediary third parties; likewise, communication campaigns were carried out using different media such as email, screensavers, among others.

Our Corporate Anti-Corruption Policy is published in: [Corporate Anti-Corruption Policy https://www.grupoaval.com/repositorio/grupoaval/inversionistas/responsabilidad-social/Corporate-Anti-Corruption-Policy.pdf](https://www.grupoaval.com/repositorio/grupoaval/inversionistas/responsabilidad-social/Corporate-Anti-Corruption-Policy.pdf)

## Information Security & Cybersecurity

### 418-1

The information security governance of the Holding Company and its subsidiaries is aligned with applicable local regulation and some international security standards; we have a Corporate Policy approved by Grupo Aval's Board of Directors, which was shared and implemented by the subsidiaries.

Through information security management, we ensure the identification, valuation and management of information assets and their risks, based on the impact they represent for our organization. For this purpose, we have a set of mechanisms that protect the data of our stakeholders, managing and complying with the general principles that preserve the confidentiality, integrity, availability and privacy of the information.

We established a corporate methodology for identifying, assessing, documenting, and managing information security risks. Every six months, we carry out an assessment of the inherent risk through the risk-controls matrix, applying the approved methodology; we also have a corporate methodology to identify and evaluate the level of criticality of suppliers that provide services related to information security and cybersecurity and the due diligence that must be performed. Finally, we have some indicators that allow us to measure the evolution of the system.

From this front, we have developed actions such as:

Support to the information owners in the identification and valuation of information assets and the implementation of the necessary controls to protect them against the risks associated with privacy, confidentiality, integrity and availability.

Employee training plans through communications, internal sessions and other means. These messages are considered as key information, which can guide the application of measures that contribute to the preservation and assurance of information. During 2023 at the Holding Company we trained 100% of new employees and 98% of old employees.

Cybersecurity incidents are reported by major subsidiaries, immediately identified, through high-impact reports. The impact of these incidents for the entity and/or third parties are analyzed by the technology security and information security departments to assess their consequences for both the affected subsidiary and the affected third parties. We monitor the existence of these situations on a quarterly basis. During 2023, there were no material cybersecurity incidents. In the innovation pillar chapter, you can expand the cybersecurity information.

During 2023, we held 4 Corporate Committees with the participation of the Information Security Officers of the main entities. This committee ensures that best practices are adopted by each entity and determines if there are gaps and opportunities for improvement in policies and procedures. The Security Officers of the main entities regularly report to their board of directors on their management the results obtained, the evolution of the indicators, the inherent and residual risk, among others. Likewise, in the Holding we have the Executive Committee on Information Security, which met 4 times in 2023.

Finally, the main entities and Grupo Aval have members on their Boards of Directors who are experts in information security and cybersecurity. In the case of Grupo Aval, a member of the Board of Directors was appointed to supervise this management, and during 2023, 3 meetings were held to present the management of the first and second lines.

## Relevant Risks

### Exacerbation of Credit Risk

2023 was framed by an economic slowdown, mainly due to lower levels of confidence in households and businesses, in the midst of an environment with high interest rates and inflation, affecting consumption habits and investment in the country. This scenario had repercussions on the dynamics of the financial sector, mainly with a decrease in the placement of loans and an increase in the indicators of portfolio quality of the financial system.

Given this situation, the management of our banks was focused on controlling the risk indicators of the loan portfolio, mainly the consumer receivables, which showed greater increases during the year.

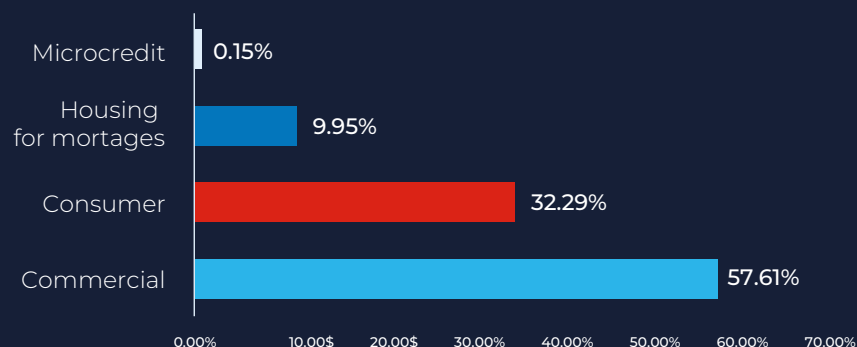
Among the main actions to mitigate this risk by our banks, different types of adjustments were made to include the impact of inflationary effects on customers with lower incomes and to make adjustments to the riskiest profiles. Likewise, profitability analyses of the segments of this portfolio were carried out, identifying opportunities to make some segments profitable or to close nodes with negative returns. On the other hand, adjustments were made in parameters, adjustments in the cut-off points of the scoring models for the profiles identified as higher risk, generating adjustments in the origination policies, which were more restrictive, impacting the evidenced deteriorations. On the other hand, improvements were made in the operational processes of products such as the payloan, seeking to improve the connection and delinquency percentages of customers. In general, in 2023, our banks worked on different mechanisms, which helped them mitigate the impacts generated by the national and international situation at the time in the best possible way.

During 2023, our banks continued to work on different mechanisms to identify customers, segments and sectors of the commercial portfolio vulnerable to these macroeconomic changes. For some of the customers, limit adjustments were made, a higher risk was recognized that affected their ratings and provisions, and monitoring continued to be carried out to identify the associated risks and keep exposure under control.

At the end of December 2023, the gross loan portfolio grew by 1.90% compared to the end of December 2022. This performance is mainly present in the commercial portfolio, although the housing for mortgages and microcredit portfolios showed significant growth compared to December 2022, but have a lower share within the total portfolio.

At the end of December 2023, the distribution by portfolio balance was 57.61% commercial, 32.29% consumer, 9.95% housing for mortgages and 0.15% in microcredit

### Composition of Aval Portfolio – December Cut-off 2023



The non-performing loan portfolio as of December 2023 showed an increase compared to the same cut-off in 2022, however, as a result of the strategies implemented by the Banks, which were permanently seeking improvements in the processes of origination, monitoring and recovery of portfolios by segments and profiles. In response to the new reality of the national and international situation in 2023, significant progress was made in portfolio management over the course of the year, reflected in the decrease in the total non-performing loan indicator, which reached its peak in October and achieved a decrease at the end of the year.

For 2024, there is a higher expectation of nominal growth in the consolidated portfolio, accompanied by less pressure on the quality of the consumer portfolio than that experienced in 2023. This scenario could differ from our expectations if the economic slowdown is exacerbated, in the event of a lower adjustment in interest rates, or due to inflationary pressures, a further deterioration in unemployment metrics, or a greater impact on the SME segment. With regard to the latter risk, measures are being taken to counteract these potential effects and improve the performance of the portfolio.

Taking this into account, our entities will keep these identified risk factors under permanent monitoring, through monitoring processes and alert schemes, typical of the credit risk management function, and will continue to take risk mitigation measures in the origination and management processes of the credit portfolio and also recognize these greater risks in the processes of rating and provision of the credit portfolios, as applicable.



## Impacts of Regulatory Changes

During the last few years we have had a marked regulatory burden that significantly impacts the operation of our entities:

According to the implementation schedule of the CFEN established by External Circular 019 of 2019, as of March 2022, the minimum requirement of 100%. In September 2023, the Finance Superintendence issued External Circular 013 of 2023, which incorporated changes in the calculation of the CFEN indicator as follows: (i) established the definition and requirements applicable to operating deposits and the incorporation of these items as of the information cut-off date of September 30, 2025, (ii) incorporated instructions on demand deposits of real estate, administration and guarantee trust businesses, (iii) established instructions for the temporary adoption of a weighting factor of 25% for demand deposits of supervised financial institutions and FICs opened without a permanence agreement as of the cut-off date of September 30, 2023. For the latter, the factor applicable to these deposits will be 0% or 50% as of the information cut-off date of September 30, 2025, as applicable to non-operational or operational deposits, respectively.

In line with the requirements of the Basel Committee (BCBS-IRRBB), the Finance Superintendence issued External Circular 025 of 2022, which establishes the minimum guidelines and requirements that financial institutions must comply with for the management of interest rate risk in the bank book (RTILB) and instructs them to implement a reference framework (set of policies, limits, systems, and controls) that allow them to identify, measure, monitor, and control these risks appropriately.

In the qualitative aspect, the circular establishes a series of Corporate Governance requirements focused on achieving an adequate separation of functions for the measurement, reporting and control of risks, documentation and validation of models and assumptions, as well as specific requirements for data quality assurance (governance, accuracy and integrity, completeness), disclosure of information and regulatory reports.

In the quantitative aspect, the Circular establishes a standardized model and the possibility of implementing internal models (prior authorization from the SFC) with a total coverage of the portfolio of the bank book (understood as everything that is not in the Treasury book), establishing specific requirements in terms of the modeling of the different components and specifically in relation to the optionality contained in different products and the risk of

credit spreads in the bank book (RSCLB). Aval Banks must have the capacity to model different scenarios (regulatory and internal) in a flexible and timely manner, carry out stress tests and model different balance sheet growth assumptions, determining their impact on the Economic Value of Equity (VEP), Net Interest Margin (MNI) and Capital Sufficiency.

On December 15, 2023, the Aval Banks in Colombia presented the Implementation Plan, which included the specific activities and those responsible.

The circular contemplates the reporting in the corresponding formats (VEP and MNI) of the information at the individual level and at the consolidated level, on the following dates and conditions:



Individual: Testing period with the first submission in August 2024 (with information corresponding to June 2024) and regular reports starting with the information corresponding to December 2024.



Consolidated: Testing period with the first submission in August 2025 (with information corresponding to June 2025) and regular reports starting with the information corresponding to December 2024.



All other instructions will take effect on December 1, 2024.



In the specific case of interest rate risk management in the bank book, an adequate implementation of these requirements represents an opportunity for more profitable and effective balance sheet management.

In the case of the regulation of "Large Exposures" (Decree 1533 of 2022), impacts ranging from operational burdens to entities to possible restrictions on the operations that can be carried out are foreseen.

Likewise, laws such as Law 2300 of 2023 have come into force, restricting contact with customers, a situation that affects the collection management carried out in the industry.

Regulations related to the Capital Self-Assessment (PAC) and Liquidity Self-Assessment (PAL) programs are currently in the comments phase.

In addition, the Congress of the Republic approved Statutory Law 190 on identity theft, which is currently under constitutional review and which would oblige entities to take some measures with respect to customers who have been impersonated based on the complaints and before the investigation process.

### Stabilization of liquidity levels

Four years after the COVID-19 pandemic, the effects of the measures implemented by the government and the central bank continue to be felt in the capital market.

The recovery in economic activity, which followed the lifting of measures restricting the mobility of goods and people, resulted in a better performance of the loan portfolio. In this context, the effects of the increased government spending generated by the epidemic are beginning to become evident and give rise to the rapid increase in consumer inflation, reaching a record of 13.12%

at the end of 2022, the highest so far this century. In 2023, annual inflation peaked at 13.34%, before starting its slow return towards inflation targeting (3%), closing the year at 9.28%.

For its part, the Central Bank responded to this inflationary situation with sharp increases in the monetary policy interest rate. Brought the rate from 1.5% at the end of 2021 to 12% at the end of 2022 and to a maximum of 13.25% in May 2023. In other words, over the last year, the country has experienced the strongest monetary adjustment, both in total magnitude and in the speed of increases, since the inflation targeting scheme has been in force.

The financial system, which has seen how this situation affects its funding structure and makes the financing of its short- and long-term operations more expensive, has had to face this situation while complying with the regulatory minimums of the Net Stable Funding Coefficient (CFEN), required by the Finance Superintendence of Colombia, as part of the convergence process carried out by this entity towards Basel III standards.

Compliance with the CFEN, as regulated, is an element that has contributed to the increases in interest rates, term funding beyond what is explained by the monetary policy of the Central Bank. This situation is notorious in the money desks and ALM management areas of financial institutions in Colombia. This has contributed to the erosion of the intermediation margins of some banks with the consequent effect on their profits and equity base.

Although the regulations that regulated the CFEN have been reviewed and supplemented in 2022 and 2023, this latest update meant extending, by 2 years, the period of convergence of risk factors (25% to 0%) of deposits of supervised entities and collective investment funds without a permanence agreement, relieving the liquidity pressures present in the market. At the same time, it grants the same period to credit institutions, to present methodologies that differentiate deposits between operating and non-operating, allowing the application of risk factors, according to their degree of stability (non-operating: 50%, operating: 0%).

In this regard, credit institutions will be compelled to design, document and submit for approval by the supervisory body at least until August 2025, the methodology that meets the qualitative and quantitative requirements set out in the regulation. Whether the transition to a lower cost of financing in the short and long term will depend on the greater or lesser capacity of credit institutions to meet these requirements simultaneously with the change expected, by analysts and experts, in the monetary policy cycle, which will relax interest rates and reach the inflation target range.

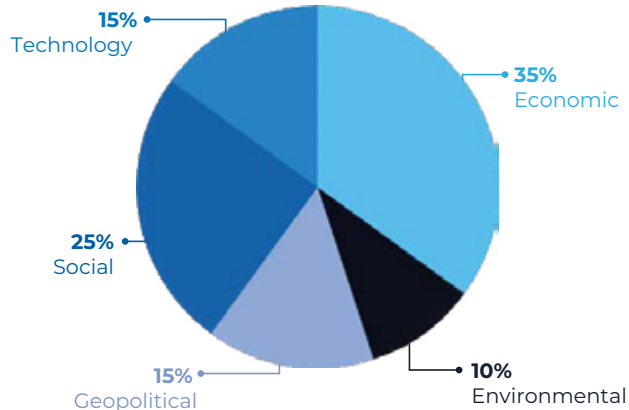
## Emerging Risks

Since 2019, our risk area has provided instructions to subsidiaries on emerging risk management practices. As part of the corporate risk management in the Holding, we identify the so-called emerging risks that could affect the normal operation of Grupo Aval and its financial subsidiaries in the long term.

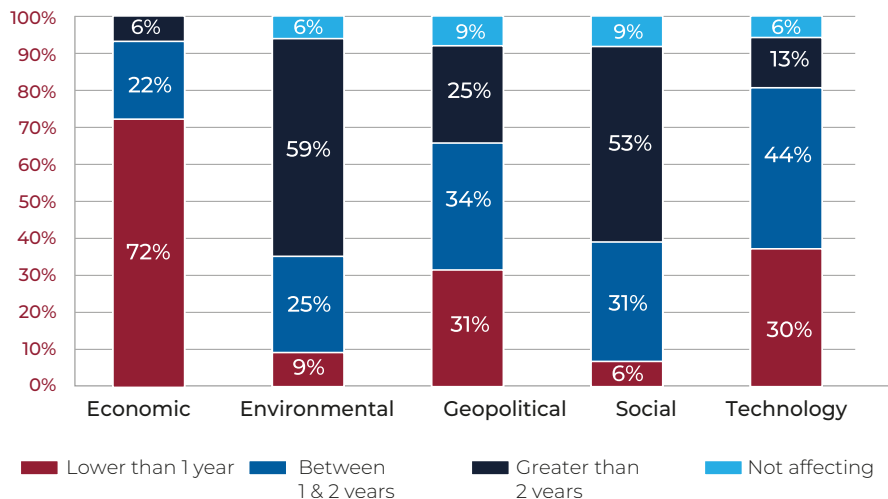
The methodology considers an analysis of the factors (PESTAL): Political, Economic, Social, Technological, Environmental and Legal, which can be combined in some risks. As a complement to the analysis, a survey led by the risk areas of the entities was carried out.

As a result of the application of the survey, the following results were obtained:

**Emerging Risk classified by categories (PESTAL)**



**Impact horizon by category (PESTAL)**



After the evaluation of the identified risks, it was established that the emerging risks that could have a transversal impact on the business lines in the long term are the following:

### Slowdown in the pace of decline in inflation and setback in production

From the beginning of the COVID19 pandemic to date, the global economy has experienced the effects of the boom and bust on its macroeconomic fundamentals, typical of an 8-10 year economic cycle. In the case of Colombia, this has become evident in the high level of consumer prices, which went from 1.49% in November 2020 to a maximum of 13.34% in March 2023. In response to this local and global phenomenon, the Central Bank has implemented a contractionary monetary policy in order to bring inflation towards the target range (2%-4%).

This environment explains the high cost of financing and production, which key sectors of the economy such as manufacturing, trade, industrial production and construction have experienced, which have contracted, to the point that the national GDP reached levels close to 0.6% in 2023 and is expected to reach 1% in 2024.

Although the cooling of the economy is expected to be achieved before the start of a recessionary cycle, the country is required to achieve regulatory stability on key issues such as pension reform, energy transition and labor reform, while working to allay growing concerns about the government's ability to finance its development plan.

The government's ability to execute, while managing to attract direct and indirect foreign investment, will mark the future of the year 2024, while the global economy transitions to lower levels of inflation, reduces its level of indebtedness and tries to avoid entering a recession level that worsens people's quality of life and companies' production capacity.

Some of the actions we have taken to mitigate the effects they can produce are:



Constant monitoring of the economic and social situation and its impact on the results of Grupo Aval and its entities.



Monitoring of investment liquidity positions.



Participation in the Asset and Liability Management Committee of each Bank, where they review the evolution of the market and their active and passive positions.



Analysis of stress scenarios of credit, market and liquidity risks

## Digital Disinformation

The increase of false information in the digital world and the growing difficulty of corroborating its veracity, impact the financial industry through the proliferation of deceptive products that can be used to capture customer information on the one hand and be victims of fraud and impersonation on the other.

These situations can have an impact on the brand and reputation of the industry, as well as economic impacts derived from possible claims filed by customers with the entities.

Some of the actions we have taken to mitigate the effects they can produce are:

- Monitoring of the brand in the networks.
- Security tests on the portals and applications of the entities from different scenarios.
- Increased monitoring of warning signs, which may lead to possible cybersecurity incidents.
- Financial education campaigns for the proper use of channels.
- Implementation of an external transactional fraud risk management system.



# Corporate Governance

Corporate Governance is one of the fundamental pillars for the proper functioning of our business and development as a Financial Conglomerate. Our good governance framework is aimed at the proper management of our Company, as well as the full compliance with our obligations as a financial holding company and issuer of securities, and with the environmental and sustainability purposes of the Financial Conglomerate.

During 2023, we maintained the adoption of high standards of Corporate Governance in the Company and in our affiliates, in accordance with the recommendations presented by the Code of Best Corporate Practices, also known as the "Country Code".

Since the adoption of these best practices, we have worked on the gradual implementation of the recommendations set out therein, maintaining the adoption of 87% in 2023, corresponding to 129 affirmative responses; we have focused on complying with the spirit of the recommendations and on giving priority to substance over form.

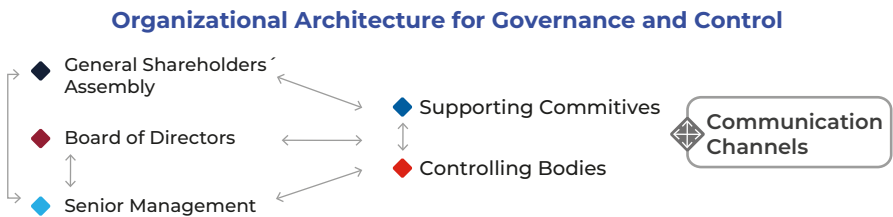
## About our General Shareholders' Assembly

In 2023 we held a total of 2 General Shareholders' Assembly meetings compared to the 7 held in 2022. Below, we reveal the attendance data and the main agreements made.

## Governing bodies

2-9, 2-10

Our Company has a governance and control architecture made up of the General Shareholders' Assembly, a Board of Directors, Board of Directors Support Committees, Control Bodies and Management Team.



| DATE       | TYPE          | DECISIONS MADE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | ATTENDANCE                                                           |
|------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 10/03/2023 | EXTRAORDINARY | Disclosure of Conflicts of Interest by the Principal Legal Representative and the Board of Directors regarding the study and consideration related to the offer to purchase 4.11% of the shares that Banco de Bogotá S.A. held in BAC Holding International, Corp. by Endor S.R.L. Consideration of the authorization of the members of the Board of Directors to participate in the discussion and decision of this matter                                                                                                                            | <b>Shares:</b><br>14.732.565.986<br><br><b>Percentage:</b><br>90.92% |
| 30/03/2023 | ORDINARY      | The General Shareholders' Assembly read the opinion of the auditor; approved the management report of the President and the Board of Directors, which includes the Business Group Report and the Corporate Governance Report; approved the separate and consolidated financial statements as of December 31, 2022; approved the profit-sharing project; held the election of the Board of Directors and set its fees, held the election of the auditor and set its fees, and denied a proposal to amend the bylaws presented by a minority shareholder | <b>Shares:</b><br>14.737.606.999<br><br><b>Percentage:</b><br>90.95% |

## About our Board of Directors

Our Board of Directors has a set of rules that govern its operation. This document takes into consideration, among other aspects, the legal provisions that apply to us as a securities issuing company, as well as the bylaws that establish the responsibility of the Board of Directors to guide the strategic policy, monitoring and evaluation of the work carried out by the Management Team of the Company and its affiliates, appoint the alternates of the President of the Company, convene the General Shareholders' Assembly, authorize the issuance of bonds, examine the books, accounts, documents and cash of the Company directly, authorize operations exceeding 20,000 SMLMV, among other functions.

Our Board of Directors is made up of seven main members with their corresponding personal alternates, elected by the General Shareholders Assembly, for a period of one year, and may be re-elected indefinitely or removed from office at any time.

During the period covered by this report, Dr. Carlos Eduardo Upegui, personal alternate for Dr. Alejandro Figueroa Jaramillo, resigned. That position was pending replacement as of December 31, 2023.

During 2023, our Board of Directors did not engage external advice within the framework of its functions, nor did it have direct interactions with financial analysts, investment banks or rating agencies. Likewise, the interaction of our Board of Directors with the Statutory Auditor was carried out mainly through the sessions of the Audit Committee.

### Formation process and independence criteria of our Board of Directors

Within its composition, there is a plurality of directors from different professions (engineers, economists, business administrators, public accountants and lawyers) with experience and affinity in financial matters and subspecialties in risk, auditing, banking business, pensions, financial regulation, economic development, among other areas of knowledge.

Additionally, in accordance with Article 21 of the Bylaws, the Board of Directors is composed of seven (7) principal directors, who have seven (7) personal alternates, and at least twenty-five percent (25%) of the Board of Directors must be independent. The directors are elected, in accordance with the Company's Bylaws, by the Shareholders' Assembly.

<sup>4</sup> The regulation about of Boards of directors can be consulted at: <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/gobierno-corporativo/Reglamento-Interno-Junta-Directiva-2022.pdf>

At the same time, the Company's General Shareholders' Assembly at its 72nd meeting on December 21, 2015, approved the "Appointment and Remuneration Policy of the Board of Directors", which contains, among other aspects, the criteria applicable to the composition of our Board of Directors, as well as the "Procedure for the Presentation and Evaluation of Proposals and Candidates" through which the Company's policies were dictated for presenting and evaluating the candidates for the Board of Directors and their constituent bodies.

In line with the above, our members of the Board of Directors who have the quality of independent, in addition to complying with the criteria indicated in Law 964 of 2005, also meet additional criteria, according to which each director with that quality declares that he or she has no material obligations with any of our entities. In addition, it has been verified that no family member of these independent members is a director of our Company or any of its affiliates nor has relationships or links of any nature with our controlling or significant shareholders that may generate any impediment in the proper performance of the functions of the position as an independent member of our Board of Directors. In this sense, none of our independent members:

<sup>5</sup> The composition and profiles of our Board of Directors can be consulted at: <https://www.grupoaval.com/repositorio/grupoaval/inversionistas/gobierno-corporativo/Junta-Directiva-y-Equipo-Directivo-030622.pdf>



1

Is an employee or director of Grupo Aval or its affiliates or has been so during the previous year.

2

Is a shareholder directly or indirectly with the ability to guide the majority of the voting rights of the Company, or determine the composition of its management.

3

Is a partner or employee of companies that provide services to Grupo Aval, representing 20% or more of their operating income.

4

Is an employee or officer of a foundation that receives donations of more than 20% of the total donations of that foundation.

5

Is a director of an entity in whose Board of Directors one of Grupo Aval's Legal Representatives participates.

6

Is a person who receives remuneration from the issuer other than his or her fees as a member of our board of directors and our committees.



On the other hand, our Board of Directors approved, within its regulations, the implementation of evaluations of the relationships or links of its independent members with the controlling or significant shareholders of the Company, to consider whether they could constitute any impediment in the correct fulfillment of their function as independent members of the Board of Directors or in the participation of the Company's Support Committees.

On our website <sup>6</sup> you can consult in greater detail the composition of our Board of Directors.

## a. Composition of the Board of Directors of Grupo Aval.

### 405-1

Below is the composition and professional profiles of our Board of Directors for the period from April 1, 2023 to March 31, 2024 as recorded in the Minutes 92 of Assembly meetings.

<sup>6</sup> The composition and profiles of our Board of Directors can be consulted at:

<https://www.grupoaval.com/repositorio/grupoaval/inversionistas/gobierno-corporativo/Junta-Directiva-y-Equipo-Directivo-030622.pdf>

#### Luis Carlos Sarmiento Angulo

##### **Position:**

Chairman of the Board of Directors of Grupo Aval Acciones y Valores S.A. - Equity

Founder

Controller

**Age:** 91 años.

**Seniority on the Board:** Since 1999.

Member of the Compensation Committee of Grupo Aval Acciones y Valores S.A.

**Education:** Civil Engineer from Universidad Nacional de Colombia.

##### **Experience:**

Founder of Grupo Aval Acciones y Valores S.A. in 1994.

Controller and/or founder of numerous financial institutions such as Banco de Bogotá, Banco de Occidente, Banco Comercial AV Villas, Banco Popular, Corporación Financiera Colombiana, Administradora de Fondos de Pensiones and Cesantías Porvenir.

Creator, founder and manager of more than 100 companies since 1958 dedicated to construction, infrastructure, agribusiness, insurance and financing.

He is a renowned philanthropist and manager of several non-profit and charitable entities such as the Cancer Treatment and Research Center, the Luis Carlos Sarmiento Angulo Foundation, Colfuturo and Corporación Excelencia en la Justicia.

##### **Member of other boards of directors:**

Fundación Luis Carlos Sarmiento Angulo (1993).

Fundación Centro de Tratamiento e Investigación del Cáncer – "CTIC" (2016).

Fundación Carolina Colombia (2004).

Member of the Council of Past Presidents of the Colombian Society of Engineers (1979).

Chairman of the Board of Directors of BHI LATAM SSC, S.A., a Panamanian affiliate of BHI (2022)

Member of the Board of Directors of Fundación Cardio Infantil (1995).

**PEP\*:** No

#### Alejandro Figueroa Jaramillo

**Position:** Principal Member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity

**Age:** 82 years old.

**Seniority on the Board:** Since 1999.

**Education:** Civil Engineer from the National Faculty of Mines of the Universidad Nacional de Colombia.

Master's and PhD Candidate in Economics from Harvard University.

**Experience:** President of Banco de Bogotá (1988 – 2023). Member of the Board of Directors of the Colombian Banking Association, (1987 – 2023). He has been an official of Banco de Bogotá since 1973, where he held the position of Executive Vice-President, Financial Vice-President and Presidential Assistant. Deputy Minister of Economic Development (1971) and previously held various positions in the National Planning Department.

##### **Member of other boards of directors:**

Porvenir S.A. (1992).

Corporación Financiera Colombiana S.A. (1981).

**PEP:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016 Under Decree 1081 of 2015 not considered PEP

## María Lorena Gutiérrez Botero

**Position:** President of Corficolombiana S.A.  
Principal Member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity

**Age:** 55 years old.

**Seniority on the Board:** Since 2019  
Member of the Risk Committee of Grupo Aval Acciones y Valores S.A.

**Education:** Industrial Engineer from Universidad de los Andes.  
Postgraduate Degree in Finance from Universidad de los Andes.

MBA and PhD in Finance from Tulane University's Freeman School of Management and Business.

**Experience:** Minister of Industry, Trade and Tourism (2017-2018). Ambassador of Colombia to Germany (2016 – 2017). Minister of the Presidency (2010-2016). Dean of the School of Business Administration at Universidad de los Andes. (2003-2010)

### Member of other boards of directors:

Grupo de Energía de Bogotá S.A. (2020)  
Promigas S.A. (2019)  
Fiduciaria Corficolombiana S.A. (2020)  
Gases del Caribe (2019)

**PEP:** No

## Álvaro Velásquez Cock

### Position:

Principal Member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity.

**Age:** 84 years old.

**Seniority on the Board:** Since 2008

Member of the Audit Committee of the Corporate Affairs Committee of Grupo Aval Acciones y Valores S.A. and expert delegate in Cybersecurity in the Board of Directors.

**Education:** Economist from Universidad de Antioquia.

MSc Economics Candidate from London School of Economics.

**Experience:** He has been Dean and Professor of the School of Economics at Universidad de Antioquia. Director of DANE. Manager in Bogotá of Corporación Financiera Nacional. President of Pedro Gómez & Cía. S.A. Manager of Representaciones Computadores Apple. Member of the Advisory Committee of the Banking Superintendent and actively participates in the updating and training processes in information security and cybersecurity developed in Grupo Aval, and as a specialized reader of publications on this subject in expert journals.

### Member of other boards of directors:

Banco de Bogotá S.A. (2001)  
Banco de Bogotá Panamá.  
Corporación Financiera Colombiana S.A.  
Unipalma S.A.  
Other BAC Credomatic entities in Central America

**PEP:** No

## Fabio Castellanos Ordóñez

**Position:** Principal member of the Board of Directors of Grupo Aval Acciones y Valores S.A. since 2018 and member of the Board since 2015 – Independent.

**Age:** 67 years old.

**Seniority:** Since 2015.

Member of the Audit Committee, the Corporate Affairs Committee and Chairman of the Audit Risk Committee. Grupo Aval Acciones y Valores S.A.

**Education:** Business Administration from California Polytechnic State University, Pomona.

Master's Degree in Management in the Network Economy from the Università Cattolica del Sacro Cuore, Italy (in collaboration with the University of California at Berkeley).

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016 Under Decree 1081 of 2015 not considered PEP

**Experience:** Country Executive and Chief Executive Officer of ABN-AMRO Bank (Colombia) S.A. (2002-2008) The Royal Bank of Scotland (Colombia) S.A. (2008-2010) and Scotiabank Colombia S.A. (2010) Vice President and Executive of Corporate Finance of the Representative Office in Colombia and in Argentina and New York of The Chase Manhattan Bank, N.A. (1986-1999))

**Member of other boards of directors:**

Ignacio Gómez IHM S.A

**PEP:** No

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### Miguel Largacha Martínez

**Position:** President of Porvenir S.A.

Principal Member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity

**Age:** 60 years old.

**Seniority:** Since 2018

Member of the Risk Committee of Grupo Aval Acciones y Valores S.A.

**Education:** Lawyer from Universidad Javeriana.

Postgraduate Degree in Financial Legislation and Executive Management at Universidad de los Andes

**Experience:** President of Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías S.A. (an affiliate of BBVA Colombia) since 2008, Executive Vice President of BBVA Colombia (2003 – 2008). Vice-President of Banco Ganadero (1993 -2003).

**Member of other boards of directors:**

ANIF (2016)

Asofondos (2008)

CECODES (2021)

**PEP:** No

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### Esther América Paz Montoya

**Position:**

Principal Member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Independent.

**Age:** 69 years old.

**Seniority:** Principal Member of the Board of Directors since 2010 and Member of the Board since 2005.

Member of the Audit Committee and the Corporate Affairs Committee of Grupo Aval Acciones y Valores S.A.

**Education:** Business Administrator from Universidad del Valle and Specialist in Banks from Universidad de los Andes.

**Experience:** President of Banco AV Villas (2001-2007). President of Ahorramás Savings and Housing Corporation (1997-2000). President of the Savings and Housing Corporation Las Villas. Other positions in Grupo Aval (1978-1997).

**Miembro en otras juntas directivas:**

Presidente de la Junta Directiva de Admicentros (2019).

Presidente de la Junta Directiva de Edentainment (2021)

Asociación Cívica San Diego (2007)

**PEP:** No

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### Alternate Directors

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### Mauricio Cárdenas Müller

**Cargo:** Manager of Organización Luis Carlos Sarmiento Angulo.

Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity

**Age:** 54 years old.

**Seniority:** Since 2015

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016 Under Decree 1081 of 2015 not considered PEP

Member of the Compensation Committee.

**Education:** Electronic Engineer from Universidad Javeriana

Master's Degree in Business Administration from the School of Management and Business of Universidad de la Sabana – INALDE.

**Experience:** Various positions in the companies COCELCO (predecessor of Movistar - 1996), the multinational technology company AT&T (1993) and in the Ardila Lülle Organization (1992).

#### Miembro en otras juntas directivas:

Admicentros S.A.S (2020)

Edertainment S.A.S (2021)

Seguros Alfa S.A. (2014)

Seguros de Vida Alfa S.A. (2014)

Fundación para el Futuro de Colombia – Colfuturo. (2016)

Porvenir AFP S.A. (2008)

Casa Editorial El Tiempo. (2011)

ADL Digital Labs S.A.S (2019)

Proindesa S.A.S (2020)

Fundación PROBOGOTÁ (2014)

**PEP:** No

#### Carlos Eduardo Upegui Cuartas

**Position:** He submitted his resignation from the presidency of Banco Popular and from his position as an alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. in 2023. (April 2022 – August 2023).

#### Juan Camilo Ángel Mejía

**Position:** President of Banco AV Villas S.A.

Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity

**Age:** 58 years old.

**Seniority:** Since 2008.

**Education:** He has a degree in finance from the University of Medellín and studies in finance from Universidad de EAFIT.

**Experience:** Vice President of Real Estate at Banco AV Villas (2007). Vice-President of Asset Normalization at Banco AV Villas (2001). Vice President of Credit and Portfolio at Banco AV Villas (2000) and Capital Markets Project Manager at Corfinsura S.A (1997)

#### Member of other boards of directors:

Asobancaria (2007)

Titularizadora Colombiana S.A. (2008)

**PEP:** No

#### Ana María Cuéllar de Jaramillo

**Position:** Independent consultant, specialized in advising on financial control processes and systems.

Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity

**Age:** 70 years old.

**Seniority:** Since 2012.

**Education:** Accountant from Universidad Jorge Tadeo Lozano.

**Experience:** Director of National Taxes. (1986-1988). Vice President of Financial Control at Citibank, among other positions. (1990-2005)

#### Member of other boards of directors:

Banco de Bogotá

Biomax S.A.

Ladrillera Santa Fe S.A.

Otras entidades de BAC Credomatic en Centroamérica

**PEP:** No

#### Luis Fernando López Roca

**Position:** Partner at López Montealegre Asociados Abogados S.A.S

Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Independent

**Age:** 67 years old.

**Seniority:** Since 2018.

**Education:** PhD in Law from Universidad Externado de Colombia

Postgraduate Degree in Public Economic, Commercial and Financial Law from Universidad Externado de Colombia and los Andes.

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016 Under Decree 1081 of 2015 not considered PEP

LLM in International Business Law at Universidad Francisco Vitoria

Doctorate in Law Cum Laude from Universidad Externado de Colombia

**Experience:** Co-Judge of the Council of State and Co-Judge of the Constitutional Court. (2018-2021). Advisor to the Inter-American Development Bank (on several occasions between 1993 and 1997). Director of the Department of Financial and Securities Law at Universidad Externado de Colombia. (1991 – 2024). Superintendent of Securities. (1991-1994). President of the Colombian Association of Financing Companies. (1997-2004). Deputy Superintendent of the Superintendence of Banks. (1988-1991).

**Member of other boards of directors:** N/A.

**PEP\*:** No

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### Cesar Prado Villegas

**Position:** President of Banco de Bogotá S.A.

Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Equity.

**Age:** 52 years old.

**Seniority:** Since 2019.

**Education:** Lawyer from Universidad del Rosario.

Postgraduate Degree in Commercial Law from Universidad de los Andes and Master of Laws from London School of Economics.

**Experience:** President of Banco de Occidente (2018-2023). Administrative Vice President of Banco de Bogotá (2018). President of Fiduciaria Bogotá. (2010-2018). Financial Superintendent of Colombia. (2007-2008). Director of Financial Regulation of the Ministry of Finance. (2006-2007)

**Member of other boards of directors:**

Corficolombiana S.A. (2019)

Promigas S.A. (2022)

Asobancaria (2023)

Proterra Colombia (2017)

**PEP:** No

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### Germán Villamil Pardo

**Position:** Partner at Gómez Pinzón Abogados S.A. and Gómez Pinzón Asemarcas S.A.

Alternate member of the Board of Directors of Grupo Aval Acciones y Valores S.A. – Independent

**Age:** 64 years old.

**Seniority:** Since 2006.

**Education:** Lawyer from Universidad de los Andes.

**Experience:** Partner at Gómez Pinzón Abogados (1994). Important positions in the Ministry of Finance and the Central Bank

**Member of other boards of directors:**

Gómez Pinzón Abogados (1995)

**PEP:** No

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### General Secretary

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### Luis Fernando Pabón Pabón

**Position:** Legal Counsel of Organización Luis Carlos Sarmiento Angulo Ltda.

General Secretary of the Board of Directors of Grupo Aval Acciones y Valores S.A.

**Age:** 65 years old.

**Seniority:** Since 2000.

**Education:** Lawyer from Universidad Javeriana.

Postgraduate Degree in Financial Legislation from Universidad de Los Andes.

**Experience:** Legal Counsel Luis Carlos Sarmiento Ángulo SAS (1997 – Present). Legal Vice-President of Banco de Colombia (1994 – 1997). Legal Advisor to the President of Banco de Bogotá (1988 – 1994). Legal Counsel International Division of Banco de Bogotá (1982 – 1988).

**Member of other boards of directors:**

Banco AV Villas S.A. (1997)

Porvenir S.A. (2003)

Organización Luis Carlos Sarmiento Ángulo SAS (2001)

CEET TV (2017)

**PEP:** No

\*PEP: Politically Exposed Person (PEP) in accordance with the provisions of Decree 1674 of October 21, 2016 Under Decree 1081 of 2015 not considered PEP



## Remuneration of the Board of Directors and its Support Committees

2-19, 2-20

The remuneration of our Board of Directors includes different instances of determination and governance. First of all, the fees of the members of the Board of Directors are determined by the General Shareholders' Assembly, which set for the period between April 1, 2023 and March 31, 2024 an amount of COP\$3,400,000 per meeting of the Board of Directors or support committee attended by each Director. In this regard, the consolidated sum of payments to our Board of Directors amounted to COP \$1,206.8. million for the period in question. The Board of Directors does not receive incentives in addition to its paid fees.

### Board of Directors Support Committees

2-9

The Board has formed five support committees that, in accordance with regulation, best practices and their own expertise, support the Board in its most important tasks, described below:

#### I) Compensation Committee

At its meeting on August 11, 2010 (Minutes No. 124), the Board of Directors approved the creation of the Compensation Committee, which is comprised of two (2) members of the Board of Directors.

Our Compensation Committee is responsible for setting the remuneration of the President of the Company, as well as defining the parameters for him/her to determine the remuneration of the Management Team and employees of the Company. The appointment of the President of the Company and his/her alternates is a matter of exclusive competence of our Board of Directors. Its periodicity is occasional

| MEMBERS                      |                          |
|------------------------------|--------------------------|
| Luis Carlos Sarmiento Angulo | Mauricio Cárdenas Müller |

#### II) Audit Committee

At a meeting held on February 2, 2011 (Minutes No. 131), the Board of Directors approved the creation of the Audit Committee, which performs the functions attributed to it in Law 964 of 2005, the Company's Bylaws and other applicable provisions.

In accordance with the Internal Regulations of the Audit Committee, this committee ensures transparency in the preparation, presentation and disclosure of the financial information we prepare for our shareholders and additionally, reviews and discusses with management and the Auditor the financial statements, quarterly reports and other financial reports

| MEMBERS                               |                       |
|---------------------------------------|-----------------------|
| Esther América Paz Montoya (Chairman) |                       |
| Fabio Castellanos Ordóñez             | Álvaro Velásquez Cock |

#### III) Corporate Affairs Committee

At its meeting on April 11, 2013 (Minutes No. 177), the Board of Directors approved the creation of the Corporate Affairs Committee, which is composed of three members of the Board of Directors.

Our Corporate Affairs Committee is in charge of studying issues related to the planning and execution of risk policies and the Corporate Comptroller of Grupo Aval and its subordinate entities.

| MEMBERS                               |                       |
|---------------------------------------|-----------------------|
| Esther América Paz Montoya (Chairman) |                       |
| Fabio Castellanos Ordóñez             | Álvaro Velásquez Cock |

8 The Company has an "Appointment and Remuneration Policy of the Board of Directors" approved by the General Shareholders Assembly of the Holding Company at session No. 72 on December 21, 2015.

9 Value resulting from the sum of multiplying the fee of each director per meeting of the Board or Committee attended.

#### IV) Risk Committee

At its June 9, 2021 meeting (Minutes No. 370), the Board of Directors approved the creation of the Risk Committee, which is composed of three members of the Board of Directors. The primary function of the Committee is to assist the Board of Directors in fulfilling its supervisory responsibilities in relation to the risk management of the Consorcio Financiero Aval in accordance with the regulation. Additionally, it has general knowledge of the risks of the entities that make up the financial conglomerate.

| MEMBERS                              |                        |
|--------------------------------------|------------------------|
| Fabio Castellanos Ordóñez (Chairman) |                        |
| Miguel Largacha Martínez             | María Lorena Gutiérrez |

#### V) Corporate Governance Committee

At the meeting held on August 26, 2020 (Minutes No. 352), the Board of Directors approved the creation of the Corporate Governance Committee, which is composed of members of the Company's Management Team.

Our Corporate Governance Committee is responsible for: (i) Conflicts of Interest Issues; (ii) Corporate Governance Best Practices Topics; and (iii) Sustainability Standards (ESG) Issues,

| MEMBERS                                    |                      |
|--------------------------------------------|----------------------|
| Luis Carlos Sarmiento Gutiérrez (Chairman) |                      |
| Diego Solano Saravia                       | Rodolfo Vélez Borda  |
| Jorge Adrián Rincón Plata                  | Eduardo Duque Suárez |

## Quorum and attendance data for our Board of Directors and its Supporting Committees.

### Board of Directors

In 2023, 100% of the Board of Directors meetings convened had the necessary quorum to deliberate and decide. In this regard, the attendance was as follows:

| LINE    | PRINCIPALS                     | ALTERNATES                     | ATTENDANCE BY LINE (%) |
|---------|--------------------------------|--------------------------------|------------------------|
| FIRST   | Luis Carlos Sarmiento Angulo   | Mauricio Cárdenas Müller       | 81%                    |
| SECOND  | Alejandro Figueroa Jaramillo   | Carlos Upegui Cuartas          | 100%                   |
| THIRD   | María Lorena Gutiérrez Botero  | Juan Camilo Ángel Mejía        | 100%                   |
| FOURTH  | Álvaro Velásquez Cock          | Ana María Cuéllar de Jaramillo | 96%                    |
| FIFTH   | Fabio Castellanos Ordóñez (*)  | Luis Fernando López Roca (*)   | 100%                   |
| SIXTH   | Miguel Largacha Martínez       | Cesar Prado Villegas           | 100%                   |
| SEVENTH | Esther América Paz Montoya (*) | Germán Villamil Pardo (*)      | 92%                    |

## Support Committees

The quorum of the Support Committees of our Board of Directors was 100% with the following number of meetings per Committee: (i) Audit Committee (15 sessions); (ii) Corporate Affairs Committee (3 sessions); (iii) Risk Committee (7 sessions); (iv) Compensation Committee (2 sessions); and (v) the Corporate Governance Committee (1 session). In accordance with the above, the attendance by Committee was as follows:

| COMMITTEE                      | ATTENDANCE |
|--------------------------------|------------|
| Audit Committee                | 93%        |
| Corporate Affairs Committee    | 100%       |
| Risk Committee                 | 100%       |
| Compensation Committee         | 100%       |
| Corporate Governance Committee | 80%        |

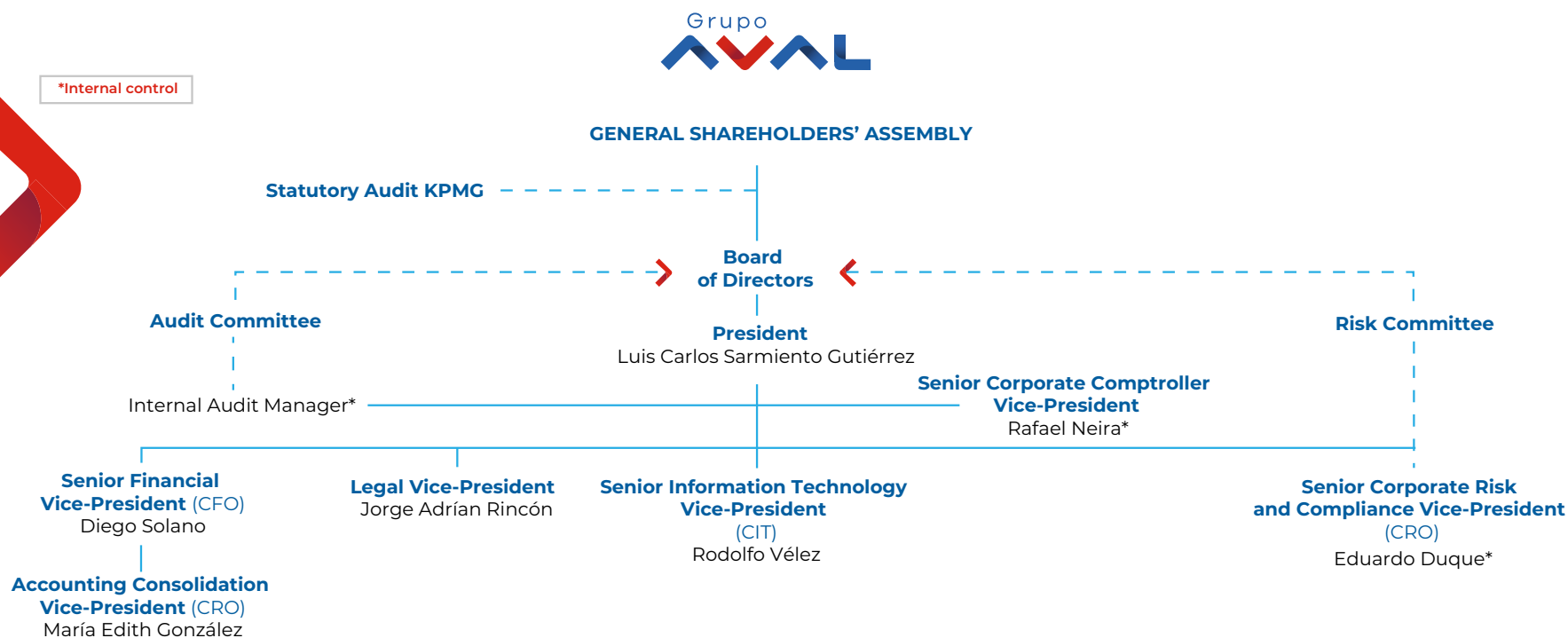
## Evaluation of the Board of Directors

2-18

Our Board of Directors approved, in its internal regulations, a mechanism for evaluating its members, in order to measure the effectiveness of the work as the management body of our Company. In this sense, each of the directors fills out an annual form to assess the objective aspects of the development of the activities of our Board of Directors. Likewise, this form includes a space for suggestions for the continuous improvement of these meetings.

## Governance Organizational Chart and Management Team

Our organizational chart is composed of the executive team at the first and second levels as evidenced in the chart below:



# Management Team Profiles

The following are part of the Management Team: the President of the Company, Senior Vice-Presidencies and the Vice-Presidency of Accounting Consolidation.

## Presidency of Grupo Aval Acciones y Valores S.A.

2-11

**Luis Carlos Sarmiento Gutiérrez**

**Civil Engineer from the University of Miami**

**MBA Cornell University**

**62 years old**

President of Grupo Aval since 2000. Dr. Sarmiento was president of Codelco S.A. from 1997 to 2000. Prior to that, he served as Executive Vice President at First Bank of the Americas in New York and Chief Financial Officer at Procter & Gamble. He currently serves as Chairman of the Board of Directors of Banco de Bogotá since 2004 and of Corficolombiana since 2006.

The president is the legal representative of our Company and is the person in charge of managing the Company. His functions are established in article 27 of our Bylaws.

## Senior Vice President of Finance

**Diego Fernando Solano Saravia**

**Systems Engineer from Universidad de los Andes**

**MBA from Wharton School of the University of Pennsylvania**

**58 years old**

Joined Grupo Aval in 2006. Previously, Mr. Solano was a Senior Associate at McKinsey & Co. until 2005 and Vice President of Corporate Banking at Banco Santander Colombia until 2000. He is currently an alternate member of the board of directors of Banco Popular.

This Vice-Presidency is responsible for monitoring and analyzing the results of the Group's main entities, as well as the Holding's financing and cash management operations. This area is responsible for the preparation and

reporting of separate and consolidated accounting information for local regulatory reporting, for SEC and for securities issuances. Additionally, it is responsible for the administrative and human talent functions of the Company. It also supports the processes of issuance of shares or bonds and other specialized operations.

## Vicepresidencia Sénior de Tecnología de la Información.

### Senior Vice President of Information Technology

**Rodolfo Vélez Borda**

**Systems Engineer from Universidad de los Andes**

**Specialization in Telecommunications from Universidad de los Andes and Business Management at Aden Business School and MIT**

**59 years old**

Joined Grupo Aval in 2012. Mr. Vélez served as Vice President of Technology and Operations at Banco AV Villas. He has been a member of the Board of Directors of ACH Colombia since 2006, ATH since 2005 and Ingeal since 2018.

This Vice Presidency is responsible for the management of architecture, cybersecurity, processes, infrastructure and corporate procurement. Additionally, this Vice Presidency provides support to both operational and technological business processes and continues to carry out the homogenization, standardization and centralization of the same for all our subsidiaries, seeking cost optimizations, improvements in their competitiveness and being at the forefront of product and service innovation.



**Senior Vice President of Corporate Controllershship**  
**Rafael Neira Torres**  
**Certified Public Accountant from Universidad Jorge Tadeo Lozano**  
**Banking Management from Universidad de los Andes**  
**66 years old**

Joined Grupo Aval in 2009. Mr. Neira was Deputy Institutional Financial Superintendent from 2006 to 2009. He was also linked as Vice President of Operations of Banco Davivienda in addition to other important positions in financial institutions.

This Vice Presidency carries out audit visits to Grupo Aval's entities, in compliance with the annual plan approved by the Company's presidency, including within its reviews the evaluation of the risk-oriented approach in the work of the internal auditors of these entities, the most important corporate governance issues, higher-impact inherent risks, controls, auditing, information security and cybersecurity; with a focus on the most relevant aspects of the Group's entities.

**Vice Presidency of Accounting Consolidation**  
**Maria Edith Gonzalez Flórez**  
**Accountant**  
**Postgraduate Degree in Finance from ICESI University**  
**65 years old**

Joined Grupo Aval in 2004. Mrs. Gonzalez has worked primarily as Administrative and Financial Director of the Bellsouth Company of Colombia (2001-2003). She also served as Administrative and Financial Director of Codelco (1997-2001) in addition to holding other positions with responsibility in financial areas of important entities.

This Vice Presidency of Accounting Consolidation is responsible for the preparation of separate and consolidated financial statements for compliance with national and international reporting under IFRS standards, the 20F annual report with compliance with PCAOB regulations and compliance with national regulations for reporting to the government entities that govern the company

**Senior Vice President, Corporate Risk and Compliance.**  
**Eduardo Duque Suárez**  
**Economist from Universidad de los Andes**  
**Master's Degree in Economics from Universidad de los Andes**  
**59 years old**

Joined Grupo Aval in 2022. Mr. Duque has worked as Citigroup's Regional Head of Global Compliance for Latin America and Mexico, Deputy Country Credit and Risk Manager, Regional Risk Manager, Risk Country Officer for Chile, Peru and Bolivia, Risk Manager Regional Officer and Risk Chief Country Officer for Andean countries at Citi. He also served as Vice President of Credit Risk and Corporate Vice President of EMCB Emerging Markets – Institutional Clients. He was a director of Wavventure S.A. in Mexico, a director at NM Rothschild & Sons Mexico, a director in the Rothschild Colombia office and at Corredores Asociados.

This Vice-Presidency is responsible for contributing to the cohesion and control architecture of our entities, through a corporate risk management system, in some cases, with a consolidated scope.

**Legal Vice-Presidency**  
**Jorge Adrián Rincón Plata**  
**Lawyer from Universidad Autonoma de Bucaramanga**  
**Master of International Business Law from Queen Mary University & Westfield College, University of London.**  
**45 years old**

Joined Grupo Aval in 2012. Mr. Rincón worked as legal advisor to the International and Treasury Vice Presidency and as a lawyer to the Legal Department of Banco de Bogotá since 2006. He currently serves as an alternate member of the Board of Directors of Banco de Bogotá since 2023.

This Vice Presidency attends to the legal needs at the internal and corporate level, especially in relation to the accompaniment in the processes of issuance of securities, the preparation and negotiation of contracts, corporate governance matters, trademark monitoring, advice and support in the relevant processes carried out by our subsidiaries and the fulfillment of the regulatory duties of our capacity as issuer of securities and Financial Holding of CF Aval. In addition, this Vice-Presidency is responsible for the coordination of projects with a corporate scope and the monitoring of regulatory initiatives that may have an effect on the activities carried out by the Holding and our subsidiaries.

## Remuneration of the Management Team

2-19, 2-20

The compensation of our Management Team is determined by the review of the Compensation Committee, made up of members of the Board of Directors, which within the framework of its functions sets the structure that determines the remuneration. For the year 2023, payments were made in a total sum of COP \$16,432.2 million for our senior management.

## Management Team Evaluation

The evaluation of the Management Team is carried out by the President within the corporate framework of performance evaluations. It incorporates the goals set by our Board of Directors, which are aligned with guidelines for profitable and sustainable growth. The use of this tool allows us to determine salary increases for each of the members of the management team.

## Mechanisms for resolving conflicts of interest between companies in the same conglomerate and their application during the financial year

2-15

In relation to the mechanisms for resolving conflicts of interest between companies in the same conglomerate, we have identified two types of conflicts of interest: personal and institutional.

Personal conflicts of interest are regulated by numeral 7 of article 23 of Law 222 of 1995, which states the duty as a director to "Refrain from participating, by himself or through an intermediary, in personal interest or in the interest of third parties, in activities that involve competition with the company or in acts with respect to which there is a conflict of interest, unless expressly authorized by the board of partners or general shareholders' assembly."

Taking into account the above, in our Code of Ethics and Conduct we have incorporated a resolution mechanism consisting of the obligation to refrain from making any decision and to inform the corresponding bodies depending on their position in the Company. In the Code we have also incorporated a specific section for those events that may generate a conflict of interest, when gifts or benefits granted by customers, suppliers or third parties are involved. This scenario is also supervised and regulated through the policies defined for the Operational Risk Management System – SARO.

With regard to institutional conflicts of interest, the "Policy for the identification, communication, administration and control of conflicts of interest of the Aval Financial Conglomerate" (hereinafter the "Policy") contemplates the general guidelines applicable to those transactions carried out between the entities that make up the Aval Financial Conglomerate, between them and the entities and persons linked to the financial conglomerate and between the administrators defined by Article 22 of Law 222 of 1995, as well as operations carried out with own resources and resources that come from the activity of managing third-party funds.

This Policy establishes: (i) non-exhaustive criteria for identifying situations that could generate a conflict of interest, (ii) the duty to disclose this situation in a timely manner to the competent governing bodies in each entity, as well as the obligation to refrain from carrying out the questioned transaction, participating in or influencing the decision adopted, (iii) the mechanisms for managing the conflict through bodies such as the Conflict of Interest Committees, the Board of Directors or the Shareholders' Assembly, and finally (iv) the control of these situations through the application of self-control and self-regulation criteria, the obligation to provide our officials and responsible areas with the appropriate tools to comply with the Policy and with joint work with the risk areas, compliance and auditing.

Finally, for the correct application of the Policy, we must analyze each situation in the light of the following criteria: (i) transparency in the execution of transactions under market conditions and prices, respecting the balance between our interests and those of the subordinates, (ii) the identification of a materiality in accordance with the nature and size of its operation, establishing ranges to go to the respective instances, (iii) the application of exposure limits and credit limits, counterparty, as appropriate, and (iv) the implementation of information barriers to prevent the exchange of privileged information.

In 2023, applying the Policy for the identification, communication, administration and control of conflicts of interest of the Aval Financial Conglomerate, a situation of conflict of interest at a personal level was identified by some of the Company's directors and a conflict of interest of an institutional nature, which was submitted to the consideration of the General Shareholders' Assembly. This is the body that ruled on the merits of such situations, confirming the conflict for some directors and the Principal Legal Representative and relieving others to make the decision. The aforementioned case was reported to the stakeholders through the relevant information mechanism and is described in greater detail in the section "Transactions with our Company's most relevant Related Parties."



## Related-Party Transactions

### Powers of the Board of Directors regarding this type of transaction and conflict of interest situations

As specified above, in terms of conflicts of interest, in 2020 the Board of Directors approved the creation of the Corporate Governance Committee. One of the objectives of the aforementioned Committee is to be the body in charge in the first instance of knowing and evaluating the characteristics of operations that may present conflicts of interest or possible conflicts of interest between Grupo Aval and the entities that make up the Aval Financial Conglomerate, those linked to the Aval Financial Conglomerate and the administrators and decision-making persons of the entities of the Aval Financial Conglomerate, in accordance with the Policy for the Identification, Communication, Administration and Control of Conflicts of Interest of the Aval Financial Conglomerate.

With regard to the management of conflicts of interest, the Board of Directors is responsible for assessing conflicts of interest and stating its reasoned decision, indicating (i) its agreement with the transaction, (ii) whether the entities should abstain, (iii) whether it can be carried out subject to the modification of certain conditions, or (iv) whether the execution of the transaction must be submitted to the consideration of its respective Shareholders' Assembly. This is in compliance with the materiality criteria established by each entity. Therefore, to make a decision on an operation that contemplates a range of USD\$10,000,001 to USD\$100,000,000, the competent body will be the Board of Directors. In addition, the Board must keep a record of the transactions that were subject to its approval in order to make them known to the General Shareholders' Assembly in the year-end accounting report.

On the other hand, we have an Institutional Relations Reference Framework approved by the Board of Directors in adoption of the recommendations of the Country Code, which in its article 5.3 provides guidelines that must be complied with for the performance of intra-group operations, which must be permanently recorded including the type of operation, its purpose, economic conditions and authorizations received. The limits of indebtedness and exposure, their proper identification in the accounting in accordance with the regulation, their designation as significant transactions based on their materiality, their level of authorization, and above all their market conditions, their prices and their onerousness, maintaining a financial balance and preventing them from affecting the ability of the entities to comply with their obligations.

## Transactions with our Company's most relevant Related Parties

Transactions with related parties are presented to our Shareholders' Assembly in the special report of the Business Group provided for in Article 29 of Law 222 of 1995, which contains the following aspects: (i) the most important transactions concluded during the respective year, directly or indirectly, between the parent company or its affiliates or subsidiaries with the respective controlled company, (ii) the most important transactions concluded during the respective financial year, between the controlled company and other entities, under the influence of or in the interest of the parent company, as well as the major transactions concluded during the respective financial year, between the controlling company and other entities, in the interest of the controlled company, and (iii) the most important decisions that the controlled company has taken or failed to take due to influence or in the interest of the company as well as the most important decisions that the controlling company has taken or failed to take in the interest of the controlled company.

In March 2023, an Extraordinary Shareholders' Assembly was held to study the conflicts of interest expressed by the Legal Representative and the Board of Directors to take part in the decision regarding the purchase offer by Endor Capital Assets S.R.L. of 4.11% of the shares of BAC HOLDING INTERNATIONAL CORP., which were owned by Banco de Bogotá. At that meeting, the shareholders expressed their opinion on the authorization of the members of the Board of Directors to participate in the discussion and decision of this matter.

With respect to the credit transaction entered into with ESADINCO S.A.S. (controlled by Dr. Luis Carlos Sarmiento Angulo) during the month of December 2022, on May 23, 2023, there was an assignment of credit by the debtor to the company Endor Capital Assets S.R.L. (also controlled by Dr. Luis Carlos Sarmiento Angulo) under the terms provided for under the original credit agreement.

For more information on transactions with related parties, see Note 34 to the Consolidated Financial Statements.

### Contractual relationship with the Statutory Auditor

In accordance with the disclosure we make through our website, the total value of the Company's Statutory Audit contract for the period between April 1, 2023 and March 31, 2024 corresponds to the sum of \$102,068,000.

## Measures taken during the year to encourage shareholder participation

As part of our best practices with stakeholders, we have maintained the disclosure of quarterly earnings reports to our shareholders and investors in general. In the same way, we make quarterly presentations (earnings calls) where we inform the market of the behavior of our businesses and use the mechanisms of publications on the Relevant Information platform in a timely manner and in accordance with the Law.

Any information that, by its nature and in accordance with the applicable regulations, is communicated to the market through the Comprehensive Securities Market Information System (SIMEV), the Relevant Information System of the Financial Superintendence of Colombia, the Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) administered by the U.S. Securities and Exchange Commission and on our website.

Article 42 of the Bylaws provides for the duty to give the same treatment in terms of request, claim and information, to its shareholders regardless of the value of their shares, as well as to its investors regardless of the value of their investments, establishing specific mechanisms that ensure equitable treatment of shareholders and investors, such as an email to attend to requests or the disclosure of information on the general shareholders assembly through the website. Similarly, the aforementioned article is developed by the Code of Good Governance of the Company, which includes, among other rights of shareholders, the right to equitable treatment and to be provided with the same information, with the same detail and at the same time and opportunity in order to protect their rights.

For the ordinary meeting of the General Shareholders' Assembly, we implemented: (i) the mass publication of the Agenda through different mechanisms together with the Financial Statements; and (ii) to the extent available, we publish all documents including proposals on our website.

## Intellectual Property Relationship

We carry out constant monitoring of trademarks, registrations or oppositions that are necessary for the proper development of economic activity to protect the rights granted to Grupo Aval in the use of certain trademarks or trade names, avoiding scenarios that may generate confusion to the consumer and ensuring that their name is not used to carry out fraud or criminal conduct. In line with

the above, the relevance of making new trademark registrations that are in line with the different business initiatives is analyzed, a follow-up is carried out through internal reminders for the processes of trademark renewal at the local and international level in accordance with the business strategy and possible scenarios of opposition to trademark registrations that may generate a risk in the market or confusion with trademarks previously registered by the Company are evaluated. The company does not own patents, licenses or industrial designs that are material for the development of its economic activity. It does not grant franchises, despite the conclusion of some franchise agreements for means of payment that are material to its operation.

The trademarks of Grupo Aval and our affiliates Banco de Bogotá S.A., Banco de Occidente S.A., Banco Popular S.A., Banco AV Villas S.A., Corficolombiana S.A. and Porvenir S.A. are duly registered in Colombia. In addition, the Company has a total of 136 registered trademarks in Colombia and abroad, 2 registered ensigns, 8 registered trade names and 2 registered commercial slogans.

Likewise, in compliance with numeral 4 of article 47 of Law 222 of 1995, modified by article 1 of Law 603 of 2000, our Company has fully applied the rules on intellectual property and copyright. Products and programs subject to intellectual property rights are duly licensed.

As of December 31, 2023, the Company is not aware of any pending claims by third parties or the trademark authority that refer to violations of intellectual property or copyright rules.

## Legal status

### Litigation, judicial and administrative proceedings

Litigation, judicial and administrative proceedings that have the capacity to materially affect our operation and financial condition are disclosed in note 27 to the Consolidated Financial Statements as of December 31, 2023. To date, we have not been notified, nor are we aware of any additional processes to those disclosed in our notes that may generate any loss or material monetary contingency that may put at risk privacy, intellectual property and concordantly fraud or the development of our corporate purpose. We also confirm that as of December 31, 2023, the judicial proceedings disclosed in detail in note 27 are closed and none of them generated provisions or contingencies.

Below, processes that, despite the fact that they have been resolved to date, were reported during the year 2023 are revealed, which is why a summary of them and their conclusions is made.

#### • Class Action before the Administrative Court of Cundinamarca in connection with the Ruta del Sol Sector 2 Project

On January 26, 2017, the Office of the Attorney General of the Nation filed a class action against the Ruta Del Sol Consortium ("CRDS"), (a company formed by Constructora Norberto Odebrecht S.A., Odebrecht Investimentos em Infraestrutura Ltda., CSS Constructores S.A. and Episol S.A.S.), the National Infrastructure Agency ("ANI") and its members, seeking a declaration of the violation of the collective rights of administrative morality, defense of public assets and access to public services, in connection with the Ruta del Sol Sector 2 project.

On December 6, 2018, the Administrative Tribunal of Cundinamarca ("TAC"), the authority that heard the class action, issued a first instance ruling against CRDS and its shareholders, including Episol and other natural and legal persons. In its ruling, the TAC declared the defendants joint and severally liable for the damages caused to the collective interests invoked and ordered the payment of Ps. 800,156 in favor of the Nation-Ministry of Transport. Likewise, it declared their inability for a period of ten years to propose and enter into contracts with Colombian state entities and to hold public office. Subsequently, by order of February 8, 2019, alleging arithmetical errors in its judgment, the TAC corrected the amount of the sentence by reducing it to an amount of Ps. 715,656.

That ruling was appealed by Episol and the other defendants. In the case of Episol, the appeal filed revealed multiple substantive and procedural defects according to which it argued that the decisions against it should be reversed.

On July 27, 2023, the Council of State issued a second instance ruling confirming the violation of certain collective rights, but revoking certain decisions such as the inability decreed to contract with the state, the declaration of joint and several liability of the defendants, including Episol for damages in the sum of Ps. 715,656 and the orders relating to precautionary measures.

With this ruling, the instances of the process were exhausted and the contingency for Episol ceased without generating any financial impact

#### • Investigations by U.S. authorities

(GRI 205-3)

At the end of 2018, the U.S. Department of Justice ("DOJ") and the U.S. Securities and Exchange Commission ("SEC") informed Grupo Aval that they had opened an investigation into matters related to the Ruta del Sol II project. Grupo Aval cooperated with the DOJ and SEC in these investigations.

On August 10, 2023, Grupo Aval and its subsidiary Corficolombiana announced resolutions of the investigations carried out by the DOJ and the SEC. The resolutions were based on information gathered by U.S. authorities, including third-party testimonial evidence, related to actions carried out by a former Corficolombiana executive in connection with an Odebrecht-led bribery scheme related to Ruta del Sol II.

Corficolombiana entered into a resolution with the DOJ, and Grupo Aval and Corficolombiana entered into civil administrative resolutions with the SEC, which concluded the investigations of the U.S. agencies into the companies. The DOJ did not file any charges against Grupo Aval, and the SEC did not file any bribery charges against Grupo Aval. As part of the resolutions, Corficolombiana and Grupo Aval agreed to pay a total of US\$60.6 million to the U.S. authorities, after applicable discounts. This effect was recorded in Corficolombiana's Consolidated Financial Statements.



## Regulatory Strategy

Our regulatory management strategy aims to monitor, follow up and report on regulatory projects and new proposals that are presented to Congress and to the different ministries and regulatory authorities, including the Finance Superintendence. In the development of this management, during the year 2023 our Legal Vice Presidency presented to the administration periodic reports of the regulatory agenda that incorporate aspects related to the debates developed in the commissions and plenary sessions of Congress. Likewise, comments were made through the trade associations to some regulatory projects that directly impacted, or through our entities, the operation of the Aval Financial Conglomerate.

It is important to highlight that, through our regulatory strategy, we actively participate in working meetings with the guilds, in order to discuss regulatory projects that could have some level of impact on our operation.

Finally, in accordance with the provisions of paragraph 2 of Article 778 of the Code of Commerce, we expressly state that, during the year covered by this report, no act was carried out that could hinder the free circulation of invoices issued by its suppliers

## Internal Control System

The issuer's internal control is aligned with the Internal Control Framework COSO III – (Committee of Sponsoring Organizations of the Treadway). This model is led by Management with the objective of providing a reasonable degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial information and compliance with applicable laws, regulations and standards. Grupo Aval has implemented a set of plans, methods, principles, standards, procedures and verification and evaluation mechanisms adopted by the Company, to ensure that all activities, operations and actions, as well as the management of information and resources, are carried out in accordance with current legal regulations, within the policies drawn up by Senior Management and in response to the goals or objectives set.

For monitoring compliance with internal control standards, the issuer has defined the following::

**Audit Committee:** is the corporate body in charge of the evaluation and continuous improvement of internal control in Grupo Aval. Its main objective is to support the Board of Directors in the supervision of the Company's control architecture, through the evaluation of the effectiveness of: i) the accounting and financial systems, ii) the administration of risk management, with emphasis on compliance risks related to the Sarbanes Oxley Act – SOX, and iii) Grupo Aval's ABAC (Anti-Bribery & Anti-Corruption) compliance program. In addition, it liaises with the Statutory Auditor and External Auditor, seeking, among other aspects, that the internal control procedures are sufficient and reasonably protect the Company's assets. Likewise, it considers and evaluates the role of the internal auditor in the development and review of the entity's internal control system and the performance of the audit function..

**Internal Audit:** it is responsible for carrying out the evaluation of the internal control system through its independent role, always observing a criterion of independence from the operation and autonomy of the acts of the Administration. Internal Audit coordinates and executes its Audit plans and discloses the results of its work, to the extent appropriate, to the Audit Committee of the Board of Directors, to the leaders of the Processes and dependencies, and to the Control Entities when required by them. Annually, internal audit submits a report on the effectiveness of internal control that is presented to the Audit Committee for consideration and analysis.

## Strengthening control in Grupo Aval

Through the Corporate Comptroller Vice Presidency of Grupo Aval, the strengthening of internal control in the Group's companies is promoted; the main activities carried out for this purpose are:

- 1. We define and disseminate good control and audit practices to the Group's companies.
- 2. We provide permanent support and training to internal auditors to provide guidelines and address their concerns, in order to support their work.
- 3. We participate as guests in the audit committees of the companies of the Group.
- 4. We ensure the independence and evaluate the internal auditors of the Group's companies.
- 5. We review the Group's companies for compliance with the corporate policies issued by Grupo Aval holding.
- 6. We plan and execute reviews on the internal control of the Group's companies; in compliance with the annual plan approved by the Presidency of the holding company; likewise, we monitor the plans to improve the internal control of these companies.
- 7. We follow up on the results of audit tests on Sarbanes-Oxley (SOX) controls.

These activities made it possible to carry out a permanent review and follow-up, during 2023 in Grupo Aval companies, on the most important issues of corporate governance, inherent risks of greater impact, controls, auditing, information security and cybersecurity; with a focus on the most relevant aspects of the Group's companies

## Ethics

### Aval Ethics Hotline

2-16

The Aval Ethics Hotline began to be implemented in 2012 in the companies of Grupo Aval, as an initiative of the Presidency of the Group. This hotline is a communication channel that allows employees, suppliers, shareholders and customers of the Group's companies to send complaints about possible fraud, bad practices, possible corruption, money laundering, any other situation that is considered irregular or possible events that do not comply with the established rules.

This ethics hotline mechanism is documented by a procedure. In addition, in the process of induction of new officials or in the engagement of suppliers, they are made aware of the existence of this reporting channel; likewise, periodic disclosures and tests are carried out on its operation.

The Aval Ethics Hotline is implemented on the websites of: the Group's holding company, Aval Banks, Multibank in Panama, the four trustees, the stockbroker, the pension fund administrator, the company that manages the ATM network, the two general depository warehouses, Corporación Financiera Colombiana and the subsidiaries of said Corporation, among others. In addition, it is available on the internet at <https://www.grupoaval.com/linea-etica-formulario>

People who wish to make use of the Aval Ethics Hotline can access it through the internal data network of the aforementioned companies or through the Internet, where they find a web page that informs them about the purpose of the Ethics Hotline and some examples of situations that can be reported in this channel. Once a person decides to continue with the complaint, they are presented with a form in which they must fill out: the details of the facts, the company about which they are making the complaint, the type of complainant (employee, customer, supplier or shareholder) and they are given the possibility of attaching electronic documentation related to the complaint.

When the whistleblower has completed and submitted the information requested in the web form of the Aval Ethics Hotline, it is sent to an email, following security protocols to guarantee the confidentiality of the information and the protection of the reporting party's identity. Such complaints are received directly by the Corporate Comptroller Senior Vice Presidency and by Grupo Aval's Compliance Officer.

From that moment on, the management of the complaint begins, which involves classifying it according to its type (possible fraud, possible corruption, human management, customer complaints and others); in addition, establish



a priority level (normal or high) and make the decision on where to route these ethics line reports for attention; the Corporate Comptroller Senior Vice Presidency and the Compliance Officer of Grupo Aval participate in this decision.

Subsequently, the Corporate Comptroller's Office must securely send the ethics hotline complaint by email to the agreed recipients, with a copy to Grupo Aval's Compliance Officer. Likewise, the deadline for the delivery of the results of the investigations is assigned.

Any complaint that may come in, through the Aval Ethics Hotline, about the internal auditors of Grupo Aval companies is forwarded for management to the chairmen of the audit committees of said companies.

At the time of receiving the results of the complaints, Grupo Aval's Corporate Comptroller's Office conducts a review to determine if any observations or comments are made; likewise, if action plans have been proposed, they are evaluated to see if they are appropriate.

Since 2013, the detailed monthly monitoring of complaints, the results of investigations and action plans (when applicable) has been formalized, to request the necessary corrective measures; this follow-up is recorded in minutes, which are in the custody of the Corporate Comptroller of Grupo Aval.

The complaints received through the Aval Ethics Hotline, during the year 2023, were forwarded to the companies of Grupo Aval, answered them in a timely manner; likewise, when the issue warranted it, investigations were carried out and corrective measures were taken.

Below, we present the statistics of the complaints received and managed through the Aval Ethics Hotline, in the years 2021, 2022 and 2023, classified according to the types of complaints mentioned above:

| No.                 | Type of Complaint          | 2021       | 2022       | 2023       | Total Complaints<br>(2021 - 2023) |
|---------------------|----------------------------|------------|------------|------------|-----------------------------------|
| 1                   | Possible fraud             | 34         | 27         | 28         | 89                                |
| 2                   | Possible labor harassment  | 44         | 80         | 86         | 210                               |
| 3                   | Human Resources Management | 11         | 30         | 52         | 93                                |
| 4                   | Others (*)                 | 155        | 268        | 206        | 629                               |
| <b>Total annual</b> |                            | <b>244</b> | <b>405</b> | <b>372</b> | <b>1.021</b>                      |

(\*) Complaints that mention issues of quality of service or failures in the internal processes of the companies



According to these figures, we observe that, among the annual total of complaints received in 2022 compared to 2021, there was an increase of 66% (161 complaints). Likewise, when comparing the total number of complaints in 2023 compared to 2022, we can see a decrease of 8% (33 complaints). This continues to show the strength of the Aval Ethics Hotline and the importance of the disclosure made by the Group's companies about it, to employees, customers, suppliers and shareholders. In 2024, we will continue to promote the proper functioning and dissemination of the Aval Ethics Hotline in Grupo Aval companies. In addition, the Office of the Corporate Comptroller will follow up on the investigations of the complaints, ensuring that they are carried out properly and in a timely manner; likewise, that the necessary corrective measures are taken.



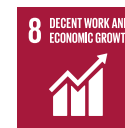
A group of nine people, five men and four women, are standing in a row, smiling for a photo. They are dressed in professional business attire. Behind them is a large, colorful banner with abstract geometric shapes in shades of blue, red, and orange. The banner features the text 'Hacemos grupo con todo el país' in white. There are also logos for 'Grupo AVAL' and 'porvenir' visible on the banner. The overall atmosphere is professional and collaborative.

Hacemos grupo  
con todo el país

**We make Group  
with our Entities**

Grupo  
**AVAL**  
Hacemos grupo con todo el país

# Corporate Synergies



We drive cohesion and are constantly working to enhance operational efficiency in all the companies that make up the group, adopting a strategic approach that not only seeks to optimize its resources, but also to foster collaboration and the creation of shared value so that our customers benefit from the combined capabilities of the conglomerate. This allows us to consolidate ourselves as an integrated, agile and efficient business network that leads the markets in which it participates.

## Technological Transformation

During 2023, we continued the process of digitalization and transformation of the Group, seeking economic efficiencies, service improvement and stability of technological platforms. In detail, we can list the following activities:

- We updated digital channels, mobile banking, personal banking and business banking with new services such as:

➤ Mobile transfers within Grupo Aval (Cel to Cel).

➤ Business banking app in native mode.

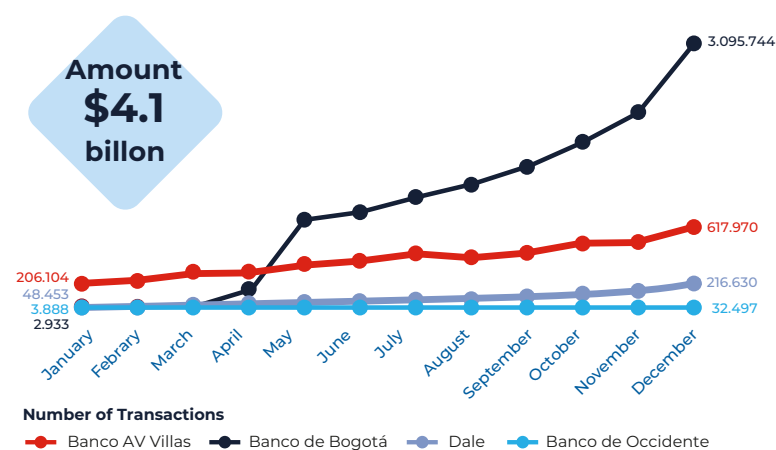
➤ Dale! App in native mode.

➤ The first stage of PFM (Personal Finance Management) was set up for customers, with which, in the medium term, it is expected to offer value-added services for open data and open finance.

- We actively participated in the assembly of a new instant payment system that develops P2P (Person to Person) services in TRANSFIYA and P2M (Person to Merchant) in EntreCuentas (QR Merchants).

## Transfiya

| Entity             | Transactions      | Share       |
|--------------------|-------------------|-------------|
| Banco de Bogotá    | 15.181.580        | 71%         |
| Banco AV Villas    | 4.614.186         | 21,6%       |
| Dale               | 1.408.562         | 6,6%        |
| Banco de Occidente | 165.813           | 0,8%        |
| <b>Total</b>       | <b>21.370.141</b> | <b>100%</b> |



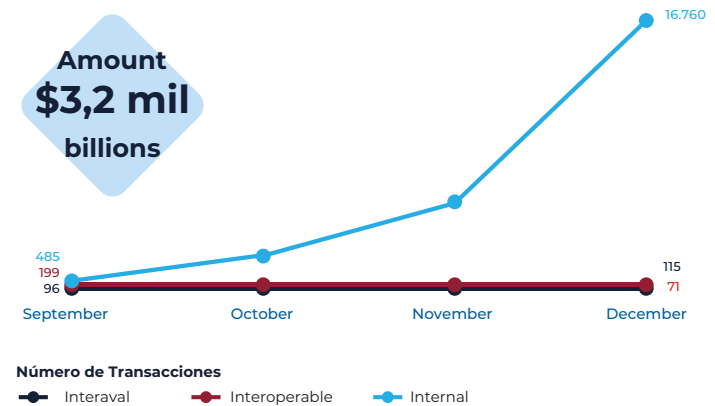
Source: ATH

## QR Merchants (Entrecuentas)

| Type           | Transactions  | Share       |
|----------------|---------------|-------------|
| Intereaval     | 331           | 1,4%        |
| Interoperables | 23.279        | 96,7%       |
| Internas       | 459           | 1,9%        |
| <b>Total</b>   | <b>24.069</b> | <b>100%</b> |

Afiliations  
**2.164**

Amount  
**\$3,2 mil**  
billions

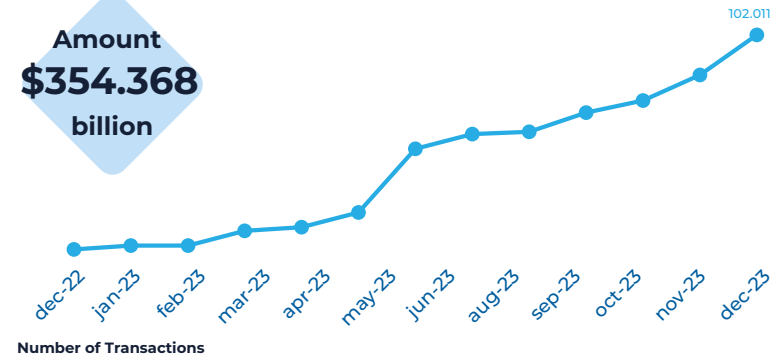


- We implemented new services for companies by setting up a new payment gateway that already has a good level of maturity.

## Pasarela Gou

| Type         | Transactions   |
|--------------|----------------|
| Jan-Dec 23   | 531.917        |
| <b>Total</b> | <b>531.917</b> |

Amount  
**\$354.368**  
billion

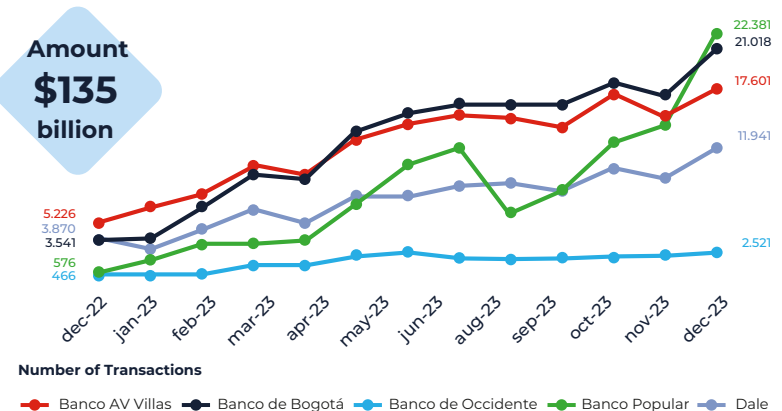


- We implemented payment and transfer services to mobile numbers. This improves customer service by providing an easy option to perform operations and lowers the costs associated with them.

## Cel2Cel

| Entity             | Transactions   | Share       |
|--------------------|----------------|-------------|
| Banco de Bogotá    | 161.084        | 30,3%       |
| Banco AV Villas    | 155.052        | 29,2%       |
| Banco Popular      | 104.095        | 19,6%       |
| Dale               | 90.654         | 17,0%       |
| Banco de Occidente | 21.006         | 3,9%        |
| <b>Total</b>       | <b>531.917</b> | <b>100%</b> |

Amount  
**\$135**  
billion



- We updated the CRM version in three entities: Banco AV Villas, Banco de Occidente and Porvenir, and we expect to complete it for Banco de Bogotá and Banco Popular in 2024. It should be noted that this migration already contemplates a single version for the 4 banks, operating in the cloud, optimizing, in the future, the costs associated with the maintenance of the application and the support of the infrastructure.
- We continue with the implementation of a business credit system that streamlines the approval processes for business and corporate clients within the Holding. For this year, automation processes will be implemented within the Banks.
- The implementation of the cloud migration process continues at a steady pace. We have migrated 30% of the applications and we continue our process in the main entities of the Group, estimating to have migrated 50% of the applications in an additional 3 years. It is important to clarify that each application is migrated seeking to splice the technological renewal processes of the platform to obtain the maximum possible savings and reduce expenses.
- Tokenization and 3D-Secure services for debit and credit card operations were put into operation. This enables the implementation of Apple Pay and Google Pay, among others; topics to be implemented in 2024.
- The assembly of the Aval ecosystem was carried out, which will allow us to project marketing, risk and market evolution scenarios through data from the entire group and external data.

In addition to the above, the following projects will begin during 2024:

- **The new treasury system, Calipso, will come into production at Porvenir and Corficolombiana.**
- **Adjustments will be made to Credit and Debit Card services in order to improve customer service.**
- **We will continue to work on improving costs associated with the use of debit and credit cards.**
- **We will strongly support the implementation of the Instant Payment System that is being led by Banco de la República.**
- **The mobile Corporate Banking application for the four banks will be put into production, including out-of-band authentication solutions to provide greater security to business customers.**

**Authentication for mass banking will be strengthened with the implementation of an Out Of Band Authentication (OOBA) using PUSH messaging.**

**New services will continue to be developed in digital channels such as:**

- Electronic Reconciliation Service for merchant sales with Cards, QR, instant payments, etc.
- New functionalities for QR code payments.
- Automation of the linking of merchants to the payment gateway.
- Lightweight process of linking to the QR Merchants product (Entre Cuentas) for Grupo Aval customers.
- Offer new services that support the sale, use, and retention of cards in the Call Center.

Finally, technological platforms will continue to be migrated, guaranteeing their support by manufacturers.

## Shared Services

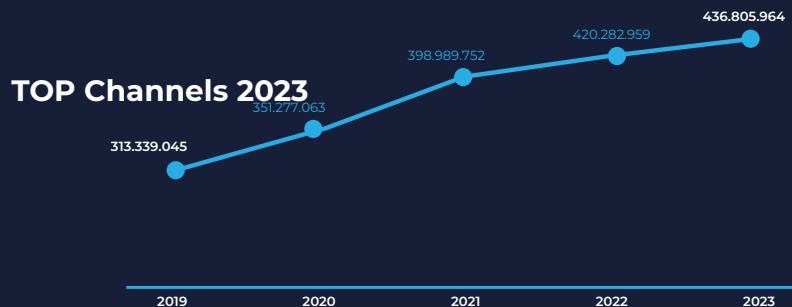
The shared services strategy will continue to optimize the processes that the entities have and that, due to the scale, it is more cost-effective to operate in ATH, ADL and NEXA. It is important to note that in 2023, shared service centers were constantly updating and modernizing technological infrastructures, as well as the implementation of new products and services, whether on-premise or in the cloud.

The face-to-face service channels of the Aval Banks are integrated into what we call the Aval Network. The set of automated teller machines (ATMs) of the Aval Banks have a fully integrated platform that allows our customers to carry out transactions from any of the Aval Banks. This network is managed by A Toda Hora S.A. (ATH), a subsidiary of Aval Banks. In the same way, the offices of the Aval Banks are integrated so that customers can carry out the most common transactions (withdrawals, deposits, balance inquiries and payments of obligations, among others) in any of their branches.

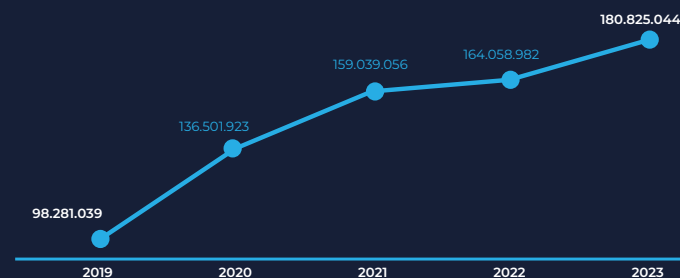
As our transactional and service channels have evolved to non-face-to-face platforms, such as mobile and web banking, we have worked together with our entities to ensure that these developments are carried out under corporate guidelines and on transversal platforms. This allows us to capture the synergies of development and maintenance, ensuring uniform service standards for the customers of Aval Banks.

The growth in the volume of operations in channels transversal to the entities in the last five years reflects the results of the strategy.

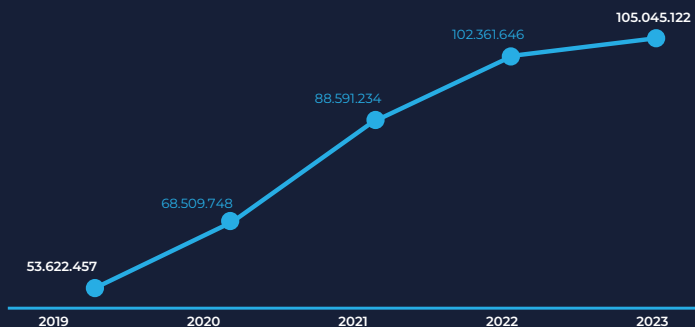
### Total Operations



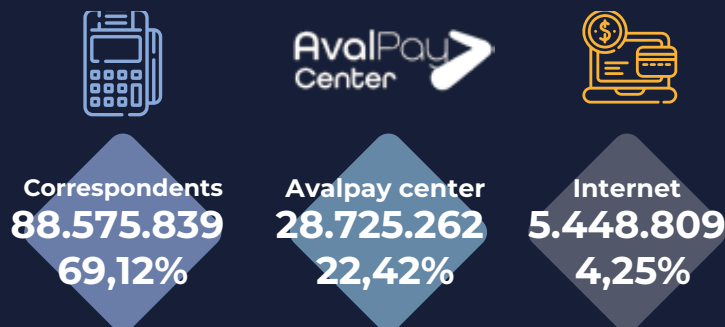
### Business Operations



### Collection Operations



### TOP Channels 2023



Number of Group companies processing Accounting, Payroll and HR in the Centralized SAP solution

|                 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------|------|------|------|------|------|
| SAP ERP/nomina  | 9    | 18   | 24   | 24   | 24   |
| Success Factors | 8    | 9    | 18   | 18   | 18   |

It is important to highlight the following about the management carried out in 2023:



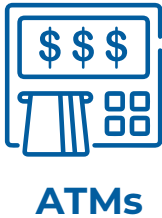
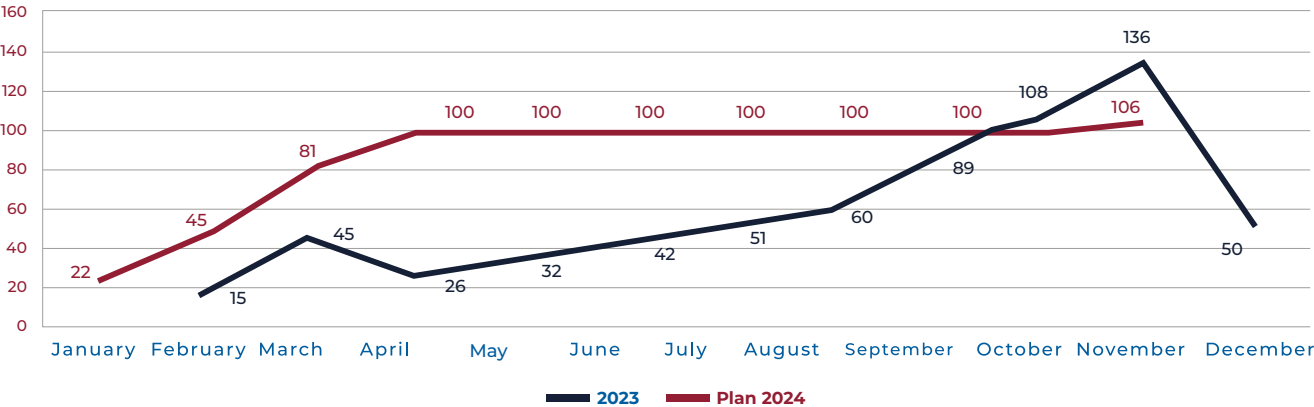
The datacenters of Banco Popular, Porvenir and Corficolombiana were migrated to the Group's first corporate computer center, thus consolidating the main entities of the Holding.

On the Internet business banking, ICBS, the online Aval Mass Transfers service was massively expanded for Banco AV Villas with 21,000 companies, Banco de Bogotá with 109,511 companies and Banco Popular with 1,500 companies.

652 ATMs were renovated in order to maintain the high standards in security and functionality of the terminals, a process that will continue in the coming years.

| YEAR | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
|------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|-------|
| 2023 |         | 15       | 45    | 26    | 32  | 42   | 51   | 60     | 89        | 108     | 136      | 50       | 651   |
| 2024 | 22      | 45       | 81    | 100   | 100 | 100  | 100  | 100    | 100       | 100     | 100      | 106      | 954   |

ATM Migration to Windows 10 2023 - 2024



ATMs



- Seven new banking correspondents were linked, adding 6,116 service points nationwide to Grupo Aval's network.

- For the correct adoption and sustainability of cloud services, 666 engineers were trained during the year, accumulating 2,193 throughout the cloud adoption process. Likewise, a cloud observability system (APM) was implemented with the aim of improving the service of the applications that run on them.

- The general definitions for the implementation of the Landing Zones of Bogotá, ATH and Occidente were made and more than 53 projects distributed among them were placed.

By 2024, new projects will be executed, seeking, as always, optimization and cost savings. Among them, we can mention:

- Installation of federated MDM (Master Data Management) to take advantage of the synergies of knowledge of the customers of each entity, enhancing marketing services, such as support for Open Data and risk models between entities, as well as consents that allow the sharing of customer data.

- Centralization of some technical areas of the entities, taking advantage of the synergies between them, improving the operation and costs of the entities.

- Migration of the telecommunications network to SDN (Software Define Network) technology with centralized management between the different entities.

- Continued support to entities to improve the TMO and RPO, through three important tasks:

- Start of the assembly of the second datacenter within the project of centralization of data centers for the infrastructure that cannot be migrated to the cloud.
- Shutdown of Banco de Bogotá's Autra software, migrating all routing operations to the ATH switch.
- Installation of stand-in systems for debit card transactions in correspondents for the 4 Banks in ATH.

- A new Contact Center tool is expected to be defined by 2024 in order to update the current solution and improve service levels, increasing the use of self-service by customers, including generative AI topics.

- In terms of customer service channels, we will seek to increase the effectiveness of the leads generated from the entities' digital applications.

## Corporate Purchases

Another point of constant attention in the operational and supply areas is the optimization of contracts and suppliers. An example of this is the marginal savings of \$56.6 billion generated during the last 5 years.

During 2023, the following initiatives were carried out seeking efficiencies in supplier management and supply chain sustainability:

- Implementation of a tool to identify and qualify risks associated with contracts and the legal mechanisms to mitigate them.

- Calculation of the level of concentration of suppliers and rating of the financial and service health of those that represent the highest concentration, with the aim of identifying some weaknesses or associated risks and taking preventive actions to mitigate and/or reduce the risk.

- Worked on initiatives focused on environmental protection:

- Environmental factors were included in tenders related to the acquisition of goods whose components must be environmentally friendly.
- In addition to the 79% reduction in paper consumption in the last 10 years, 95% of the remaining pre-printed forms were migrated to eco-friendly paper.

## Reputation and Corporate Marketing

### Reputation

At Grupo Aval, we place significant value on internal and external perceptions through various reputational measurement tools. The group's reputation strategy has been instrumental in strengthening trust and transparency with all parties involved. For this reason, we have prioritized giving scope and visibility to the social and environmental initiatives developed by Grupo Aval and our entities, implementing specific actions through channels of dialogue with customers, shareholders, employees, communities and government entities, understanding their expectations, needs and concerns and integrating their perspectives into business decision-making.

In 2023, for the second time in a row, LinkedIn recognized Grupo Aval as the best company in the country to promote the development of its employees. We were also part of the ranking of the 100 most reputable companies in the country according to the Corporate Reputation Business Monitor (Merco).

Transparency, accountability and permanent communication have been the foundations of our management, highlighting the achievements in terms of corporate governance, business ethics and commitment to sustainability by teaming up with those who are committed to sustainable initiatives.

## "Yo Soy Aval" Day

With our employees as one of our main stakeholders, we continue to consolidate the Yo Soy Aval Day, which celebrated its fifth edition with 216 in person employees and 3,400 connected virtually. The "Yo Soy Aval" Day is a space to come together, celebrate diversity and inclusion, highlight the pride of being part of Grupo Aval, share best practices and recognize employees from the different entities for their outstanding performance, their ability to inspire and adhere to sustainable initiatives. The entities were also recognized for their good practices in:

- Gender equity: Banco de Bogotá
- Diversity and inclusion: Corficolombiana
- Financial inclusion: Porvenir
- Environmental sustainability: Banco de Bogotá



## Marketing

In 2023, we continued to work hand in hand with our entities, promoting initiatives that would allow us to consolidate ourselves as a group that works for and with Colombia. Along these lines, we launched our new brand purpose: "Partnering with Colombia to create conscientious progress", as a result of 2 years of understanding its sustainability management, the vision of stakeholders and the context of the country.

### Brand Purpose

We are a group that invites people to participate with us

Growth that protects society and the environment. It is diverse, equitable and inclusive

# Partnering with Colombia to create conscientious progress

Involves natural resources and all its people regardless of religion, race, socioeconomic status or sexual orientation

## We believe that:

Progress is only made when individual evolution enhances **collective** evolution.

The end does not justify the means; we think about **impact** to act and influence. positively.

Our **sustainable vocation** guides all the decisions we make.

Our voice and our actions must help create a world with more **well-being, diversity, and inclusiveness**.

We can contribute to a kinder world through **simplicity, empathy, and honesty**.

We have to innovate and take conscious risks to achieve different results.

"Alone we go faster, in a group we go further".

## Articulated work with our banks

We continue to lead the corporate marketing committee with the participation of our 4 banks, to follow up on management and make decisions that allow us to optimize the efforts and resources available, in addition to finding opportunities for corporate synergies.

## The first 10 years of Experiencias Aval

We celebrate the first decade of Experiencias Aval, the entertainment platform of Aval Banks and dale!. Ten years supporting, facilitating and democratizing culture in the country with more than 280 shows of all artistic genres and for all ages and with one million tickets sold with Aval bank cards. This initiative has allowed us to offer a real differential in the sector, for current and potential customers, contributing significantly to the retention, placement and activation of our banks' cards.

**Close to 1 million people annually have the opportunity to attend a concert or show supported by Grupo Aval, thanks to the banks network and dale!.**

During 2023, 79 pre-sales and 69 events were held with an increase of 43% and 31% respectively vs 2022 and with an increase in turnover of 41.3%. In this way, we have consolidated ourselves as the great dynamizer of the entertainment sector in Colombia, promoting the generation of employment and tourism, and decisively supporting one of the sectors that has developed the most. According to DANE, in 2023 artistic, entertainment and recreation activities grew by 11.8% and in 2022 they represented 3.2% of GDP, contributing \$35.8 billion to the country's economic activity.



#EXPERIENCIAS  
AVAL



## Nominated for Best Brand of the Year

In December 2023, Experiencias Aval was nominated as Brand of the Year, in the TOP 10 of P&M magazine, which recognizes the most outstanding within the Colombian advertising community. According to the media, this category recognizes brands that, with their marketing actions undertaken during the year, impacted the culture of the sector, innovated in their ways of communicating and connecting with people, supported social causes and managed a consistent communication campaign that was supported by a promise of value focused on the consumer. A promise that, in addition to being fulfilled, led them to have an exemplary performance. The winners will be announced in the first half of 2024.

## Entertainment with Purpose

We are aware of the responsibility we have as a brand to carry messages and promote initiatives that allow us to generate a positive impact on society and for this, we wanted to take advantage of the power of music and the reach of our entertainment platform to develop actions with a social purpose such as:

- > Alliances with foundations and entities to democratize entertainment. In this effort, in 2023 we gave more than 80 people from vulnerable populations access to the best events in the country. Ethnic leaders, LGBTIQ+ people, young people from vulnerable populations, high-performance athletes, displaced by violence, teachers from district schools, mothers who are heads of household in vulnerable conditions and CTIC patients in active treatment have participated.
- > In alliance with the Internal Action Foundation, the ACDI/VOCA Foundation and the Tiempo de Juego Foundation, we created the V.I.P, the Very Inclusive People, within the framework of the Estéreo Picnic Festival. A space that, instead of being "exclusive", welcomed the more than 5,000 attendees who entered our V.I.P. We brought together groups of young creatives and entrepreneurs, as well as Drag ventures and artists from the LGBTIQ+ community, and the post-prison population, who, together with us, gave life to this space where inclusion was the protagonist.



## P&M Marketing Conference

We were selected to participate as speakers at P&M's Latam Marketing conference. This event brought together the main leaders and experts in marketing and advertising in Colombia and we presented the talk "From sustainability to marketing and in the same way in the opposite direction". We address the history of sustainability under the current needs of the market, presenting the success stories of the group's entities, aligned with the SDGs.

## 2024 Commitments

### Grupo Aval Holding Actions

- Definition and administration of the corporate marketing plan and budget.
- Establish impact measurement of sustainability strategy management to strengthen reputation.
- Strengthen joint work for the development of marketing activities such as "Experiencias Aval".
- Develop marketing and communication strategies that contribute to improving the positioning of the group and its affiliates.
- Management of agencies, promoters and allies.

### Affiliates Management

- Lead and manage the periodic corporate marketing committee for the development, approval and monitoring of plans and strategies.
- Follow-up of the communication and strategy plans of the affiliates.



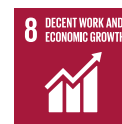




**We make Group  
with ours collaborators**

Grupo  
**AVAL**  
Hacemos grupo con todo el país

# Well-being and Organizational Culture



At Grupo Aval Holding we seek to attract, compensate, develop and retain the best talent because we recognize that the contribution and commitment of our employees are part of our success factors. In this way, we maintain our conviction and commitment to manage talent based on performance, merit and skills, promoting spaces free of any discriminatory bias and with zero tolerance towards any type of practice that goes against this conviction. We continue to strengthen strategies along the lines of employee well-being, performance assessment and training as promoters of development, offering safe and healthy spaces to work.

## Characterization of the population

405-1

We recognize that characterizing our population is one of the key variables to manage human talent processes, which is why our employees share these demographic characteristics with us annually:

From now on, the data correspond to employees hired with a direct contract for Grupo Aval Acciones y Valores S.A. (Holding).

| Gender | 2022   | 2023   |
|--------|--------|--------|
| Women  | 44.92% | 45.38% |
| Men    | 55.08% | 54.62% |

| Educational Level         | 2021           | 2022           | 2023           |
|---------------------------|----------------|----------------|----------------|
| High School               | 1.68%          | 1.72%          | 1.69%          |
| Technician – Technologist | 5.04%          | 6.03%          | 5.08%          |
| Professional              | 26.05%         | 21.55%         | 25.42%         |
| Specialization            | 43.70%         | 44.82%         | 46.61%         |
| Master's                  | 23.53%         | 25.86%         | 21.19%         |
| <b>Total</b>              | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

| Types of Contracts | 2021   | 2022   | 2023   |
|--------------------|--------|--------|--------|
| Indefinite term    | 96.03% | 95.93% | 95.97% |

|                                  |       |       |       |
|----------------------------------|-------|-------|-------|
| Outsourced companies/outsourcing | 3.97% | 4.07% | 4.03% |
|----------------------------------|-------|-------|-------|

| Gender | 2021   | 2022   | 2023   |
|--------|--------|--------|--------|
| Women  | 45.24% | 47.15% | 47.88% |
| Men    | 54.76% | 52.85% | 52.42% |

| Gender and Age of Population Total 2023 |                       |                         |                      |                |
|-----------------------------------------|-----------------------|-------------------------|----------------------|----------------|
| Gender                                  | Under 30 years of age | From 30 to 50 years old | Over 50 years of age | Total          |
| Women                                   | 2.52%                 | 35.29%                  | 16.81%               | <b>54.62%</b>  |
| Men                                     | 5.04%                 | 32.77%                  | 7.56%                | <b>45.38%</b>  |
| <b>Total</b>                            | <b>7.56%</b>          | <b>68.07%</b>           | <b>24.37%</b>        | <b>100.00%</b> |

| Distribution of the staff by category of positions |                                            |        |        |        |
|----------------------------------------------------|--------------------------------------------|--------|--------|--------|
| Category                                           |                                            | 2021   | 2022   | 2023   |
| <b>Executive level</b>                             | Directors and/or heads of functional areas | 21.43% | 22.88% | 21.85% |
| <b>Management level</b>                            | Middle Management                          | 27.78% | 28.81% | 28.57% |
| <b>Non-executive</b>                               | Qualified Professionals                    | 41.27% | 42.37% | 42.37% |
|                                                    | Support Staff                              | 9.52%  | 5.93%  | 5.88%  |

| The distribution of the staff by category of positions and gender |      |            |       |            |        |      |            |       |            |        |
|-------------------------------------------------------------------|------|------------|-------|------------|--------|------|------------|-------|------------|--------|
| Positions                                                         | 2022 |            |       |            |        | 2023 |            |       |            |        |
|                                                                   | Men  |            | Women |            | Total  | Men  |            | Women |            | Total  |
|                                                                   | #    | Percentage | #     | Percentage |        | #    | Percentage | #     | Percentage |        |
| Directors and/or heads of functional areas                        | 20   | 16.95%     | 7     | 5.93%      | 22.88% | 19   | 15.97%     | 7     | 5.88%      | 21.85% |
| Middle Management                                                 | 20   | 16.95%     | 14    | 11.86%     | 28.81% | 21   | 17.65%     | 13    | 10.92%     | 28.57% |
| Qualified Professionals                                           | 23   | 19.49%     | 27    | 22.88%     | 42.37% | 23   | 19.33%     | 29    | 24.37%     | 43.70% |
| Support Staff                                                     | 2    | 1.69%      | 5     | 4.24%      | 5.93%  | 2    | 1.68%      | 5     | 4.20%      | 5.88%  |

| Distribution of the plant by position category - Age - Gender |                       |       |       |       |                       |        |       |        |                      |        |       |       |        |                       |       |       |       |                       |        |       |        |                      |        |   |       |        |
|---------------------------------------------------------------|-----------------------|-------|-------|-------|-----------------------|--------|-------|--------|----------------------|--------|-------|-------|--------|-----------------------|-------|-------|-------|-----------------------|--------|-------|--------|----------------------|--------|---|-------|--------|
| Positions                                                     | 2022                  |       |       |       |                       |        |       |        |                      |        |       |       |        | 2023                  |       |       |       |                       |        |       |        |                      |        |   |       |        |
|                                                               | Under 30 years of age |       |       |       | 30 to 50 years of age |        |       |        | Over 50 years of age |        |       |       | Total  | Under 30 years of age |       |       |       | 30 to 50 years of age |        |       |        | Over 50 years of age |        |   |       | Total  |
|                                                               | Men                   |       | Women |       | Men                   |        | Women |        | Men                  |        | Women |       |        | Men                   |       | Women |       | Men                   |        | Women |        |                      |        |   |       |        |
|                                                               | #                     | %     | #     | %     | #                     | %      | #     | %      | #                    | %      | #     | %     |        | #                     | %     | #     | %     | #                     | %      | #     | %      | #                    | %      |   |       |        |
| Directors and/or heads of functional areas                    | 0                     | 0.00% | 0     | 0.00% | 7                     | 5.93%  | 5     | 4.24%  | 13                   | 11.02% | 2     | 1.69% | 22.88% | 0                     | 0.00% | 0     | 0.00% | 7                     | 5.88%  | 5     | 4.20%  | 12                   | 10.08% | 2 | 1.68% | 21.85% |
| Middle Management                                             | 1                     | 0.85% | 0     | 0.00% | 15                    | 12.71% | 10    | 8.47%  | 4                    | 3.39%  | 4     | 3.39% | 28.81% | 0                     | 0.00% | 0     | 0.00% | 16                    | 13.45% | 9     | 7.56%  | 5                    | 4.20%  | 4 | 3.36% | 28.57% |
| Qualified Professionals                                       | 4                     | 3.39% | 3     | 2.54% | 17                    | 14.41% | 23    | 19.49% | 2                    | 1.69%  | 1     | 0.85% | 42.37% | 3                     | 2.52% | 6     | 5.04% | 18                    | 15.13% | 22    | 18.49% | 2                    | 1.68%  | 1 | 0.84% | 43.70% |
| Support Staff                                                 | 0                     | 0.00% | 0     | 0.00% | 1                     | 0.85%  | 3     | 2.54%  | 1                    | 0.85%  | 2     | 1.69% | 5.93%  | 0                     | 0.00% | 0     | 0.00% | 1                     | 0.84%  | 3     | 2.52%  | 1                    | 0.84%  | 2 | 1.68% | 5.88%  |

| Race 2023 distributed by gender      | Men           | Women         | Total          |
|--------------------------------------|---------------|---------------|----------------|
| Afro-descendant                      | 0.85%         | 0.00%         | <b>0.85%</b>   |
| Palenquero                           | 0.00%         | 0.85%         | <b>0.85%</b>   |
| Does not identify with any ethnicity | 55.08%        | 43.22%        | <b>98.31%</b>  |
| <b>Total</b>                         | <b>55.93%</b> | <b>44.07%</b> | <b>100.00%</b> |

| Race                                 | 2021          | 2022          | 2023          |
|--------------------------------------|---------------|---------------|---------------|
| Afro-descendant                      | 0.84%         | 0.86%         | 0.85%         |
| Palenquero                           | 0%            | 0.86%         | 0.85%         |
| Does not identify with any ethnicity | 99.16%        | 98.27%        | 98.31%        |
| <b>Total</b>                         | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

| Gender       | Average seniority |            | 2023       |
|--------------|-------------------|------------|------------|
|              | 2021              | 2022       |            |
| <b>Men</b>   | 7.35 years        | 7.60 years | 7.62 years |
| <b>Women</b> | 5.15 years        | 5.55 years | 5.57 years |

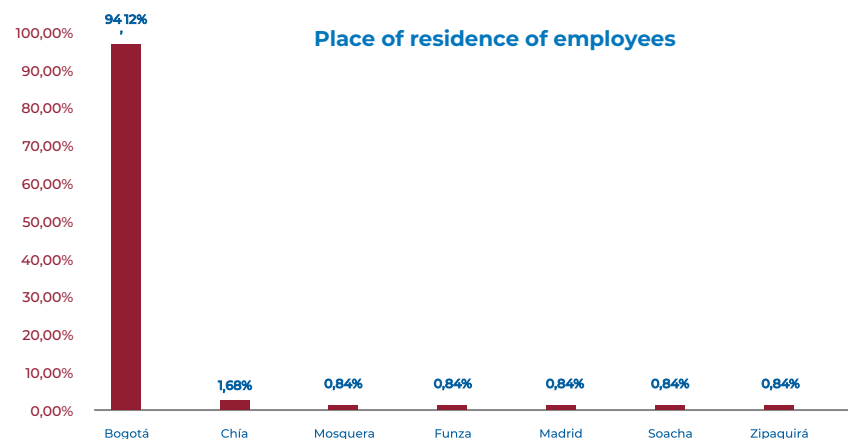
| Gender Identity       | 2021        | 2022        | 2023        |
|-----------------------|-------------|-------------|-------------|
| Cisgender             | 94.12%      | 93.10%      | 97.46%      |
| Prefer not to respond | 5.88%       | 6.89%       | 2.54%       |
| <b>Total</b>          | <b>100%</b> | <b>100%</b> | <b>100%</b> |

| Disability                                      | 2021          | 2022           | 2023           |
|-------------------------------------------------|---------------|----------------|----------------|
| Admits to having some type of disability        | 0.00%         | 1.70%          | 0.85%          |
| Does not admit to having any type of disability | 100.00%       | 98.30%         | 99.15%         |
| <b>Total</b>                                    | <b>100.0%</b> | <b>100.00%</b> | <b>100.00%</b> |

For the 2023 cut-off, 0.85% of employees were born abroad and 99.15% in Colombia.

| Sexual orientation    | 2021           | 2022           | 2023           |
|-----------------------|----------------|----------------|----------------|
| Heterosexual          | 97.48%         | 93.98%         | 95.76%         |
| Homosexual            | 1.68%          | 2.58%          | 1.69%          |
| Prefer not to respond | 0.84%          | 3.44%          | 2.54%          |
| <b>Total</b>          | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

| STEM Positions (Science, Technology, Engineering and Mathematics) |                                                 |                 |        |
|-------------------------------------------------------------------|-------------------------------------------------|-----------------|--------|
| Year                                                              | % STEM positions in relation to total employees | Over total STEM |        |
|                                                                   |                                                 | Women           | Men    |
| 2022                                                              | 72.41%                                          | 34.52%          | 65.48% |
| 2023                                                              | 73.73%                                          | 34.21%          | 65.79% |



Bogota and nearby towns are considered to be "Bogota Region".

## Attracting and promoting talent

401-1

| New Hires                                  | 2021   | 2022   | 2023   |
|--------------------------------------------|--------|--------|--------|
| % regarding total staff                    | 6.35%  | 14.63% | 22.69% |
| <b>Gender</b>                              |        |        |        |
| Women                                      | 25.00% | 44.44% | 51.85% |
| Men                                        | 75.00% | 55.56% | 48.15% |
| <b>Age</b>                                 |        |        |        |
| Under 30 years of age                      | 25.00% | 16.67% | 14.81% |
| Between 30 and 50 years old                | 75.00% | 77.78% | 85%    |
| Over 50 years of age                       | 0.00%  | 5.56%  | 0.00%  |
| <b>Position Category</b>                   |        |        |        |
| Directors and/or heads of functional areas | 12.50% | 11.11% | 3.70%  |
| Middle management                          | 12.50% | 27.78% | 18.52% |
| Qualified professionals                    | 62.50% | 55.56% | 74.07% |
| Support staff                              | 12.50% | 5.56%  | 3.70%  |

The way in which we attract, choose and promote talent continues to be based on job descriptions and a series of minimum stages that are carried out in each selection and assessment process (interviews, tests, among others) to maintain spaces free of discrimination and value the internal and external talent that we identify in our job offers, a possibility for growth and development.

We highlight the willingness and commitment of the people who join the work team, delivering the best of their past experience and continuing their development with us.

We are proud to fill positions through promotions to our internal talent, highlighting and celebrating their performance and their determination to continue growing with the company. Of the total number of new hires in 2023 (22.69%), 25.93% correspond to people who worked in other entities of the group.

Given the nature of the economic activity and the main headquarters of Grupo Aval Acciones y Valores S.A., all hiring is carried out in Bogota, being considered as "Bogota Region"

| Vacancies filled with in-house staff | 2021   | 2022   | 2023   |
|--------------------------------------|--------|--------|--------|
| % regarding total vacancies          | 27.27% | 25.00% | 15.63% |
| <b>Gender</b>                        |        |        |        |
| Women                                | 20.00% | 50.00% | 60.00% |
| Men                                  | 80.00% | 50.00% | 40.00% |
| <b>Promotions</b>                    |        |        |        |
| % regarding total employees          | 3.97%  | 4.07%  | 4.20%  |
| <b>Gender</b>                        |        |        |        |
| Women                                | 80.00% | 60.00% | 40.00% |
| Men                                  | 20.00% | 40.00% | 60.00% |



## Training and Education

404-1, 404-2

We continue to promote spaces for our employees to periodically update their knowledge and have tools to adapt to changes, propose new work schemes and seek their line of growth, retention and development.

| Indicators related to training and education programs | 2021         | 2022       | 2023         |
|-------------------------------------------------------|--------------|------------|--------------|
| Employees who participated and received training      | 95.24%       | 95.12%     | 99.16%       |
| Investment in training x employee x year in COP       | \$ 1,586,847 | \$ 434,058 | \$ 1,051,277 |
| Total training hours                                  | 7713         | 3804       | 4865         |
| Average training hours per employee                   | 61.21        | 30.93      | 40.88        |
| <b>Gender</b>                                         |              |            |              |
| % training hours women                                | 42.39%       | 52.89%     | 47.36%       |
| % training hours men                                  | 57.61%       | 47.11%     | 52.64%       |
| <b>% Training Hours Job Category</b>                  |              |            |              |
| Directors and/or heads of functional areas            | 19.01%       | 25.61%     | 15.61%       |
| Middle management                                     | 29.45%       | 26.87%     | 33.74%       |
| Qualified professionals                               | 50.62%       | 46.69%     | 49.41%       |
| Support staff                                         | 0.92%        | 0.83%      | 1.24%        |

| Training hours by age and gender |              |              |               |              |              |               |              |             |               |
|----------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|-------------|---------------|
| Age / Gender                     | 2021         |              |               | 2022         |              |               | 2023         |             |               |
|                                  | Men          | Women        | Total general | Men          | Women        | Total general | Men          | Women       | Total general |
| Under 30 years of age            | 578          | 347          | 925           | 32           | 73           | 105           | 215          | 205         | 420           |
| Between 30 and 50 years old      | 2,844        | 2,396        | 5,240         | 1,349        | 1,672        | 3,021         | 1,890        | 1,740       | 3,631         |
| Over 50 years of age             | 1,021        | 526          | 1,547         | 411          | 268          | 679           | 456          | 358         | 814           |
| <b>Total general</b>             | <b>4,443</b> | <b>3,270</b> | <b>7,713</b>  | <b>1,792</b> | <b>2,012</b> | <b>3,805</b>  | <b>2,561</b> | <b>2304</b> | <b>4,865</b>  |

## Some of the programs we handle:

**Aval Guidelines:** An annual program in which all employees participate and allows us to consolidate and update knowledge on topics mainly of a regulatory nature and of transversal interest. This program addresses topics such as: the company's code of ethics, the purchase of goods and services, sustainability, onboarding and conflicts of interest, diversity and inclusion, relevant information, business continuity, exposure and concentration of risks, information security, occupational health and safety management system, anti-bribery and anti-corruption policies, SOX, money laundering prevention system, risk management of financial conglomerates, among others. A total of 314 hours of training were dedicated to this program, reaching all hierarchical levels of the organization. Women participated in this program with a total of 144 hours and men with 170 hours.

In relation to the company's code of ethics and conduct, in addition to the commitment that each employee acquires individually to comply with the provisions of this code at the time of their entry into the company, during 2021, 2022 and 2023, 100% of the employees who participated in the exercise completed a survey/evaluation, certified in writing that they had not been involved in possible conflicts of interest during the previous year and additionally, they undertook to report in a timely manner any situation that contravenes the provisions of said document.

**Educational Assistance:** During 2023, 3.36% of the total number of employees applied and received a grant with which Grupo Aval (Holding) supports with time and money employees who are studying master's, specialization or diploma programs and meet a series of requirements that consider consistent and notable performance characteristics, relevance of academic training, contribution to both the role and the company, among others. Of the total number of employees who benefited from the assistance in 2023, 50% were women and 50% were men.

**Technical training and strengthening of the organizational culture:** We offer training and educational processes with the aim of facilitating the understanding, adaptation and strengthening of the organizational culture. With these programs we seek to meet technical requirements and the needs of each position, strengthen and contribute to the development of soft skills, promote mental health, guide safety and health at work, among others. These trainings are established according to the needs identified in the performance assessment processes, exit surveys and other methodologies.

| Training Program                   | Hours Invested |             |             |
|------------------------------------|----------------|-------------|-------------|
|                                    | Men            | Women       | Total       |
| Educational assistance             | 90             | 152         | 242         |
| Organizational culture             | 155            | 154         | 309         |
| Skills development                 | 1095           | 780         | 1875        |
| Diversity and inclusion (*)        | 5              | 31          | 36          |
| Technical training                 | 908            | 743         | 1651        |
| Aval Guidelines                    | 170            | 144         | 314         |
| Occupational safety and health (*) | 139            | 300         | 439         |
| <b>Total general</b>               | <b>2561</b>    | <b>2304</b> | <b>4865</b> |

(\*) These specific programs have additional hours of training that are reflected within other programs such as "Aval Guidelines", "Organizational Culture" and "Skills Development"

## Performance Assessment

### 404-3

As a tool to accompany the development of employees, the company periodically carries out performance assessments, defining and evaluating for the management period: organizational and transversal objectives for the entire company, specific objectives specific to each of the positions and assessment of competencies, understood as skills that drive performance.

| Performance evaluation                                       | 2021   | 2022   | 2023   |
|--------------------------------------------------------------|--------|--------|--------|
| # employees evaluated                                        | 115    | 110    | 101    |
| # employees with applicable evaluation (*)                   | 115    | 110    | 101    |
| # Total employees for evaluation cut-off (*)                 | 126    | 121    | 115    |
| % evaluated against applicable evaluation                    | 100.0% | 100.0% | 100.0% |
| % evaluated with respect to the total for evaluation cut-off | 91.3%  | 90.9%  | 87.8%  |

At Grupo Aval, the cut-off date for the performance evaluation does not correspond to the month of December, making the total number of employees different from the number of employees reported for December. In addition, the main variation between the total number of employees for the evaluation cut-off and those who have an applicable evaluation is due to the effect of the rotation of each year or those who are directly evaluated by the compensation committee.

| Distribution of employees evaluated by job category and gender |               |               |                |               |               |                |
|----------------------------------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Category                                                       | Men           | 2022 Women    | Total          | Men           | 2023 Women    | Total          |
| Directors and/or heads of functional areas                     | 11.82%        | 5.45%         | 17.27%         | 11.88%        | 5.94%         | 17.82%         |
| Middle management                                              | 17.27%        | 12.73%        | 30.00%         | 19.80%        | 11.88%        | 31.68%         |
| Qualified professionals                                        | 20.91%        | 26.36%        | 47.27%         | 20.79%        | 23.76%        | 44.55%         |
| Support staff                                                  | 1.82%         | 3.64%         | 5.45%          | 1.98%         | 3.96%         | 5.94%          |
| <b>Total</b>                                                   | <b>51.82%</b> | <b>48.18%</b> | <b>100.00%</b> | <b>54.46%</b> | <b>45.54%</b> | <b>100.00%</b> |

| Distribution of employees evaluated by age range and gender |               |                   |                |               |                   |                |
|-------------------------------------------------------------|---------------|-------------------|----------------|---------------|-------------------|----------------|
| Age Range                                                   | Men           | Gender 2022 Women | Total          | Men           | Gender 2023 Women | Total          |
| Between 30 and 50 years old                                 | 34.55%        | 39.09%            | 73.64%         | 36.63%        | 34.65%            | 71.29%         |
| Over 50 years of age                                        | 12.73%        | 7.27%             | 20.00%         | 14.85%        | 7.92%             | 22.77%         |
| Under 30 years of age                                       | 4.55%         | 1.82%             | 6.36%          | 2.97%         | 2.97%             | 5.94%          |
| <b>Total</b>                                                | <b>51.82%</b> | <b>48.18%</b>     | <b>100.00%</b> | <b>54.46%</b> | <b>45.54%</b>     | <b>100.00%</b> |

## Well-being and quality of working life

401-3

We continue to evaluate and implement actions and initiatives aimed at promoting the work-life balance of our employees, for this reason, we provide personal, sports, social, economic and cultural spaces for them and we comply with 100% of the well-being activities scheduled for the year with an average participation of 77.21% of the expected population. We know that these workplace well-being programs and initiatives, in addition to the work plan defined in terms of occupational health and safety, permeate the families of employees, contributing to the work environment and improving performance. Below are some of the actions carried out during 2023:

### Recreation

- We carried out 10 activities, within the working day called "entertainment afternoons" seeking integration, recreation and promoting mental health in our employees by practicing disciplines of art, cooking and others, obtaining an average participation of 78.5% of the expected population.
- Through Experiencias Aval, the company granted tickets for access to 27 events, festivals, musicals and/or concerts, 45.38% of employees attended at least one of these events free of charge with a companion.
- The sons and daughters of our employees participated in the activities that the company provided for them, celebrating special dates such as Halloween, Children's Day, end of year holidays, birthdays.

### Sports and Health

- 0.84% of the total number of employees took parental leave at the time of the birth of their children. 100% of the employees who took parental leave were men, who returned to work at the end of the leave and continue to work with the company.
- 16.81% of the employees participated with the support of the company in the race called "MMB: Bogotá Half Marathon". Prior assessments by a sports doctor and recommendations for the preparation of the participating employees were also carried out.
- Through employee funds, 34.45% of employees have access to different agreements and benefits for them and their families: gym, health plans, dental aid, educational assistance, and others.

- Through the compensation fund, where the company affiliates all employees, 18.48% of them carry out sports activities, among the most used are: swimming, gym and physical conditioning. In addition, the employee's family also has access to these and other sports disciplines.

## Work-Life Balance

- 100% of employees enjoyed a 40-hour workweek, i.e. less than the 47 hours established by Colombian legislation.
- 96.76% of employees maintain a hybrid work scheme.
- 7.56% of employees have the possibility of flexible hours.
- Focused on people's well-being and to contribute to the reduction of greenhouse gases, 100% of employees worked from home for 4 additional days to the hybrid work scheme.
- To promote the rest of employees, 100% have the possibility of agreeing with their leaders on the vacation dates they want to enjoy during the year. On average, each employee enjoyed 11.5 days of vacation.

## Other actions

- To commemorate "Pride Day" and promote diverse and inclusive spaces, the company called on all employees to participate in the march organized for this date, achieving the participation of 3.36% of employees.
- More than 37% of our employees enjoy preferential rates through our agreements and benefits such as access to preferential rates on credits, educational assistance, free parking for vehicles, motorcycles and bicycles, lactation room, among others.

## Gender Pay Gap

At Grupo Aval, the definition of salaries is based on the merit, skills, performance and trajectory of the people, leaving aside parameters that may include discriminatory biases. When it comes to new hires, the company supports the processes of attraction, valuation and engagement, in the job descriptions that reflect and highlight the experience, training, responsibilities and impact on the course of the business. When it comes to promotions, in addition to resuming the employee's previous trajectory and the profile of the position, the company has defined a policy that is based on the results of the performance evaluation.

## Work Environment



We carried out the Great Place To Work "GPTW" measurement being certified by the institute for the validity of December 2023 to December 2024. We are proud of the participation of 98.3% of our employees in this measurement with which we established a baseline and we will continue to strengthen ourselves as a better place to work.

The following are the focus areas in which we scored above the GPTW model average (73%):

| Focus Area                              | % obtained |
|-----------------------------------------|------------|
| Justice                                 | 88%        |
| Team                                    | 82%        |
| Driving Behavior                        | 81%        |
| Integrity                               | 80%        |
| Competence                              | 79%        |
| Pride                                   | 78%        |
| Commitment                              | 78%        |
| Corporate Image                         | 77%        |
| Personal Work                           | 75%        |
| Credibility                             | 75%        |
| Average of all claims                   | 74%        |
| Equanimity                              | 73%        |
| Average of all claims in the model GPTW | 73%        |

## Occupational Health and Safety Management System (OSHS)

### 403-1

In order to provide safe and healthy work environments for employees, contractors, visitors and in general for all people who carry out activities within our facilities, the company has an Occupational Health and Safety Management System, hereinafter OSHS. This management system has been implemented in compliance with the legal regulations in force in the country in terms of Occupational Health and Safety. The legal requirements

are contemplated in resolution 312 of 2019, decree 1072 of 2015 and other regulations in force in Colombia for this matter. The occupational health and safety management system at Grupo Aval covers 100% of employees and all positions and levels of the organization.

Our OSH system has the technical, human and financial resources necessary to develop its work plan and is defined through a Policy on this matter that defines the commitments of the interested parties.

Below, we will list the main activities carried out in the field of Occupational Health and Safety during the year 2023.

## Emerging Risks, Potential Impacts, and Actions Taken

In compliance with the work plan of our **OSHS**, we carry out the following activities aimed at identifying potential hazards, new risks and their impacts. After the analysis of these activities, the pertinent actions are taken, without identifying new risks in addition to those already established in the hazard matrix of the previous cut.

| Activity                                        | Number of activities carried out                                                                                                                                                                                    |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Periodic inspections of workplaces              | The ergonomics professionals of our ARL carried out <b>46</b> inspections of the workstations of our employees                                                                                                      |
| Periodic inspections of common areas            | COPASST members carried out safety inspections of <b>42</b> common areas                                                                                                                                            |
| Periodic inspections of emergency elements      | Our emergency brigade carried out <b>62</b> safety inspections of fire extinguishers, first aid kits, evacuation routes, stretchers, fire cabinets and other emergency elements existing in Grupo Aval's facilities |
| Receiving reports of unsafe acts and conditions | Reports were received of <b>2</b> unsafe conditions, which were intervened                                                                                                                                          |
| Workplace accident investigations               | No reports of work accidents were filed by Grupo Aval employees                                                                                                                                                     |
| Workplace incident investigations               | Reports of <b>2</b> work incidents were received and investigated                                                                                                                                                   |

## Hazard Identification, Risk Assessment, and Incident Investigation

403-2, 403-9

At Grupo Aval we have a procedure for identifying hazards, assessing risks and implementing controls, a procedure that is based on the legal requirements contemplated in Resolution 312 of 2019 and Decree 1072 of 2015. In addition, we have the following mechanisms so that our employees and contractors, as well as the members of the OSHS, can report hazards: e-mails from COPASST, Emergency Brigade, Labor Coexistence Committee, corporate e-mails from those responsible for the OSHS, forms for periodic safety inspections (location, emergency elements and workstations) and the OSHS website on the intranet.

We have a code of ethics and conduct, a workplace coexistence policy and a diversity and inclusion policy that seek to prevent retaliation, discriminatory conduct and/or harassment in any situation. In the company there have been no cases of workers who say they want to leave because their work may affect their health, in any case, we have established procedures and policies focused on protecting the health of employees, contractors and visitors.

All the people who are responsible for the management system in the company have received training and/or have the necessary experience to carry out these activities, for example, the person responsible for the OSHS has a current license in this area. The members of the committees (Emergency Brigade, Joint Committee on Safety and Health at Work and Coexistence Committee) have certification in this area issued by the Occupational Risk Administrator. In addition, the company has appointed a senior management person to monitor occupational health and safety and specific responsibilities



have been defined, communicated and evaluated for each role and levels in the organization.

In the periodic sessions of COPASST, the findings resulting from the inspections and reports are socialized and those responsible are assigned to intervene through actions such as: information on damages to the administrative area for maintenance and/or repair, investigation of accidents and work incidents where the corrective measures taken and the lessons learned, referrals to occupational medicine if required, among others are evidenced.

The results of these processes are a source of continuous improvement of our OSHS and are part of the activities contemplated in the work plan. To

this end, a procedure for corrective, preventive and improvement actions has been defined to document the interventions, the monitoring periodicity and the closure of each action.

The interventions carried out are documented in the hazard matrix and consolidated in the report of corrective, preventive and improvement actions, leaving evidence of these actions.

As no new hazards were identified, the following is a summary of some of the actions taken that have been continued within the existing hazard mitigation work plan.

| HAZARD CLASSIFICATION                                  | POSSIBLE IMPACTS                                                                    | MEASURES TAKEN                                                               |
|--------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| BIOMECHANICS: Prolonged postures, repetitive movements | Musculoskeletal system alterations                                                  | Active breaks                                                                |
|                                                        |                                                                                     | Ergonomics training by workstation                                           |
|                                                        |                                                                                     | Medical examinations with musculoskeletal emphasis                           |
| PHYSICAL: Lighting                                     | Visual system disturbances, visual fatigue, headaches                               | Active visual breaks                                                         |
|                                                        |                                                                                     | Periodic visometry examinations with the respective recommendations          |
| BIOLOGICAL: Viruses                                    | Respiratory infections, human losses                                                | Trainings and re-inductions reinforcing the emphasis on self-care.           |
|                                                        |                                                                                     | Provision of protective elements: gel, masks, towels, alcohol, among others. |
|                                                        |                                                                                     | Procedure for reporting and monitoring suspected and/or confirmed cases      |
|                                                        |                                                                                     | Work/office alternation                                                      |
| PSYCHOSOCIAL: Task conditions                          | Effects of stress                                                                   | Wellness activities                                                          |
|                                                        |                                                                                     | Active cognitive breaks                                                      |
|                                                        |                                                                                     | Mental health communication pieces                                           |
|                                                        |                                                                                     | Meditation and relaxation activities                                         |
| Security Conditions: Technological                     | Electrical contacts, short circuits, fire outbreaks<br>Material and/or human losses | Safety inspections                                                           |
|                                                        |                                                                                     | Signaling                                                                    |
|                                                        |                                                                                     | Tidying up and cleaning campaigns                                            |
|                                                        |                                                                                     | Corrective and preventive maintenance                                        |

## Occupational health services

403-3

During 2023, our employees participated in the following activities focused on promoting health at work.

| Periodic exams    | # Employees Served | %   |
|-------------------|--------------------|-----|
| Visometry         | 107                | 90% |
| Electrocardiogram | 104                | 87% |
| Glycemia          | 108                | 91% |
| Lipid profile     | 108                | 91% |

| Specialized Exams<br>(population applying to the exam by age, occupation<br>and/or sports activity) | # Employees Served | %    |
|-----------------------------------------------------------------------------------------------------|--------------------|------|
| Bilateral mammogram                                                                                 | 15                 | 65%  |
| Sports medicine evaluation – Before participation in sports                                         | 20                 | 100% |
| Electrocardiogram – Before participation in sports                                                  | 20                 | 100% |
| Audiometry                                                                                          | 6                  | 100% |
| Spirometry                                                                                          | 2                  | 100% |

Occupational medical exams are carried out annually by an IPS specialized in occupational safety and health. This IPS guarantees compliance with the clauses on the confidentiality of information and the protection of employees' personal data.

Prior to carrying out these exams, each employee signs an informed consent for the processing of their personal data. Once these assessments have been carried out, the IPS socializes with those responsible for the OSHS of Grupo Aval the sociodemographic and health conditions report in which the recommendations for intervention are described in accordance with the main findings.

Health services cover 100% of the employees, their costs are assumed by the company and the providers who provide this service have the suitability to carry out these activities. Within the occupational health services, the company includes some additional services to those established by current legislation, considering them of value for the safety and health of employees, including: electrocardiogram, mammogram, laboratory tests.

## Worker involvement, consultation and communication on occupational health and safety

403-4

We have strengthened our channels for participation, consultation, reporting and communication through e-mails from COPASST, the Emergency Brigade, the Labor Coexistence Committee, corporate e-mails from those responsible for the OSHS, the OSHS website on the intranet and the corporate internal communications email. The invitation to participate in the activities described in the work plan and training program on occupational safety and health is made through communications and calls addressed to employees and contractors (as applicable).

Relevant information on occupational health and safety is disclosed to employees and contractors on an annual basis in the induction and re-induction processes.

Some activities of the OSHS to encourage the participation of our employees in occupational health and safety issues during the year 2023:

| Activity                                                                                                                   | # activities 2023 |
|----------------------------------------------------------------------------------------------------------------------------|-------------------|
| ARL talks on wellness, mental health, lifestyles, healthy work, and more.                                                  | 9                 |
| Days of active breaks, self-massages and therapy Office                                                                    | 12                |
| Activities promoted by the committees of our Management System (COPASST, Emergency Brigade and Labor Coexistence Committee | 6                 |

Additionally, during 2023 our employees received 22 communications on occupational safety and health, socializing topics such as: procedures in case of emergency, calls to form the OSHS committees, information on preventive maintenance, invitations to participate in training and activities on occupational safety and health, among others.

In the performance evaluation process, responsibilities to the OSHS were communicated and evaluated to all employees in order to take them into account as an evaluation factor.

In 2023, we updated 12 documents of the OSHS, highlighting the emergency preparedness and response plan that is updated and published annually, the update of the hazard identification procedure, risk assessment; among other forms and procedures that are part of the document inventory of the OSHS.

## Worker training on occupational health and safety

403-5

The following table lists the trainings that were developed at Grupo Aval during 2023 on occupational health and safety issues. These trainings had different approaches according to the population they were aimed at.

| Training Description                                                                                                | Duration of Training (Hours) | Target Population                                           |
|---------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------|
| Healthy lifestyles and work, emotional intelligence, empathy, diversity and inclusion, mental health, among others. | 18                           | All employees                                               |
| Annual Re-induction on Occupational Safety and Health - Aval Guidelines.                                            | 0,25                         | All employees                                               |
| Induction on the Occupational Health and Safety Management System (OSHS)                                            | 27                           | Personnel who joined Grupo Aval during 2023                 |
| Training carried out by the committees of our OSHS: COPASST, Emergency Brigade and Labor Coexistence Committee.     | 3                            | All employees                                               |
| Annual OSHS Training                                                                                                | 2                            | Grupo Aval contractors and subcontractors                   |
| Training for the members of the OSHS (Copasst, Brigade, Coexistence Committee)                                      | 40                           | Emergency Brigade<br>COPASST<br>Labor Coexistence Committee |
| <b>Total</b>                                                                                                        | <b>90,5</b>                  |                                                             |

In the inductions and re-inductions of the OSHS aimed at 100% of our employees, as well as our contractors, the following topics are addressed, among others: Responsibilities of the employees and/or contractors vis-à-vis the OSHS, objectives of the OSHS, committees that make up the OSHS, procedures to be followed in the event of a work accident or incident, mechanisms for reporting unsafe acts and conditions, policies that make up the OSHS, possible emergencies that may arise in Grupo Aval and procedures to be followed in the event of an emergency.

The specialized topics that are addressed to the members of the OSHS seek to enhance their knowledge in occupational safety and health: First aid, emergency management, fire control, investigations of work accidents and incidents, legislation on psychosocial risk, among others



## Jobs covered by an occupational health and safety management system

403-8, 403-9

In order to comply with current legislation on occupational health and safety, Grupo Aval's OSHS covers 100% of existing positions and job levels. Additionally, it covers contractors, subcontractors, and visitors.

For the above reasons, the work plan and the training program of our OSHS includes activities aimed at all interested parties and guarantees this compliance from the supplier selection process that includes a section on the implementation of the OSHS of each of the companies, as well as ensuring the coverage in social security and occupational risks of people who are not employees and must carry out some activity within Grupo Aval's facilities.

In the case of employees, 100% of people are covered from the first day of their entry into the general health and occupational risk system and are informed about all the issues inherent to occupational safety and health and about the activities carried out within the framework of the OSHS for health promotion. In order to encourage their participation, these activities are constantly promoted throughout the career of all employees.

Our contractors are evaluated in occupational health and safety from their selection process where the implementation of an OSHS is established as a requirement. Additionally, the activities carried out by contractors within our facilities have a verification process of compliance with occupational health and safety requirements that is carried out before, during and after the activity. In this verification process, the following aspects are validated, among other aspects: social security coverage and occupational risks, the use of personal protection elements and the occurrence of incidents or accidents during the activity.

Like our employees, the Outsourcing personnel who carry out activities within the Company are covered by the OSHS and are subject to audits.

## Promoting workers' health

403-6

Through the communication mechanisms enabled by the company, we execute the promotional activities described in the work plan defined for 2023. Within the month of health, we carry out additional medical exams to those required by legislation, with 100% coverage of the employees, including electrocardiogram, mammogram, laboratory tests.

Through agreements and/or employee funds, employees have access to special rates for prepaid medical plans, optical, dental and/or medication aids. Through the Compensation Fund and the employee funds themselves, employees have access to gyms, courses or practices of sports disciplines, yoga classes or others.

As part of the company's wellness program, activities are carried out inside and outside the working day related to healthy lifestyles, work-life balance, healthy eating, stress management, among others.

Additionally, we give talks on emotion management, stress control, mental health, workshops on breathing and relaxation techniques, massage sessions, music therapy, aromatherapy, self-massage, active breaks, among others

| Outsourcing Employees and OSHS              | Unit | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------------|------|------|------|------|------|
| Number of outsourcing employees             | #    | 0    | 5    | 5    | 5    |
| Total employees                             | #    | 122  | 126  | 123  | 119  |
| Percentage of outsourcing employees covered | %    | 100  | 100  | 100  | 100  |

## Workplace Accident Injuries, Occupational Ailments and Illnesses

403-9 403-10

The following are the indicators of workplace accident injuries that occurred in the company during the last four years:

| Lesiones por accidentes laborales                           | Unite of | 2020      |             | 2021      |             | 2022      |             | 2023      |             |
|-------------------------------------------------------------|----------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
|                                                             |          | Employees | Contractors | Employees | Contractors | Employees | Contractors | Employees | Contractors |
| Number of fatalities due to work-related injuries           | #        | 0         | 0           | 0         | 0           | 0         | 0           | 0         | 0           |
| Fatality rate due to work-related accident injury           | %        | 0         | 0           | 0         | 0           | 0         | 0           | 0         | 0           |
| Number of work-related injuries with major consequences     | #        | 0         | 0           | 0         | 0           | 0         | 0           | 0         | 0           |
| Injury rate per work-related injury with major consequences | %        | 0         | 0           | 0         | 0           | 0         | 0           | 0         | 0           |
| Number of recordable work-related injuries                  | #        | 3         | 0           | 0         | 0           | 0         | 1           | 0         | 1           |
| Recordable work-related injuries per injury rate            | %        | 1,73      | 0           | 0         | 0           | 0         | 0,56        | 0         | 0,56        |
| Hours worked                                                | Hours    | 345600    | 345600      | 360000    | 360000      | 354240    | 354240      | 357120    | 357120      |

Note: The rate has been calculated per 200000 hours worked

Of the occupational accidents recorded in the table above, in 2022 there was 1 female contractor and in 2023 1 male contractor.

During the year 2023, our employees presented 2 work incidents and there were no work accidents. On the part of the contractors, there was an accident at work that generated 6 days of disability. This accident was investigated by the contracting firm with whom the corrective measures to be taken were socialized.

Bruises, scrapes, and wounds were the most common injuries that occurred in recorded accidents. There have been no cases of occupational disease in the company

|                                           | Employees | Contractors |
|-------------------------------------------|-----------|-------------|
| Work-related diseases                     | 0         | 0           |
| Workplace accidents                       | 0         | 1           |
| Work incidents without disabling injuries | 2         | 0           |

| Year | Absenteeism rate due to medical reasons |
|------|-----------------------------------------|
| 2022 | 1.2%                                    |
| 2023 | 1.4%                                    |



| # Business Days of Disability |     |       |       |
|-------------------------------|-----|-------|-------|
| Year                          | Men | Women | Total |
| 2022                          | 136 | 225   | 361   |
| 2023                          | 289 | 99    | 388   |

| % Business Days of Disability |       |       |        |
|-------------------------------|-------|-------|--------|
| Year                          | Men   | Women | Total  |
| 2022                          | 37.7% | 62.3% | 100.0% |
| 2023                          | 74.5% | 25.5% | 100.0% |

| # of Disabilities |       |       |
|-------------------|-------|-------|
| Men               | Women | Total |
| 42                | 65    | 107   |
| 47                | 38    | 85    |

| # of Disabilities |       |        |
|-------------------|-------|--------|
| Men               | Women | Total  |
| 39.3%             | 60.7% | 100.0% |
| 55.3%             | 44.7% | 100.0% |

For 2023, the systems most affected by each disease in its order were musculoskeletal and the digestive system, which account for 47.7% of the disabilities recorded according to the following table::

| Affected System                                                             | 2022          | 2023         |
|-----------------------------------------------------------------------------|---------------|--------------|
|                                                                             | %             | %            |
| MUSCULOSKELETAL                                                             | 45.2%         | 38.4%        |
| DIGESTIVE                                                                   | 8.5%          | 9.3%         |
| RESPIRATORY                                                                 | 46.4%         | 9.0%         |
| OTHERS (Headaches, reproductive system, urinary system, skin, among others) | 45.6%         | 43.3%        |
| <b>Total general</b>                                                        | <b>100.0%</b> | <b>56.7%</b> |

Of the 46 workplace inspections, there were reports of painful symptoms in 4 cases (8.7%). All cases were intervened with periodic inspections and 50% of the cases improved their condition by following the recommendations of the ARL ergonomics officer, we will continue to follow up on the other reported cases.

## Preventing Workplace Harassment

### 406-1

As part of the occupational health and safety management system, the company has a workplace coexistence policy in which it ratifies the non-tolerance of conduct aimed at workplace harassment. It defines the responsibilities of the Work Coexistence Committee, which is one of the means of communication enabled for employees from which a healthy work environment is promoted and complaints that may represent a possible case of workplace harassment in any of its modalities are managed: mistreatment, persecution, discrimination,

hindrance, inequality and/or lack of protection in the workplace. **Employees can propose to the committee initiatives to maintain a healthy work environment.**

This committee meets periodically and extraordinarily when a complaint is received, leaving evidence of these sessions and generating recommendations to maintain a healthy work environment. During 2021, 2022 and 2023, the committee presented in its management report that it had not received any complaints from employees. During 2023, they led activities before employees, received training related to harassment and prevention strategies.

## Turnover

401-1

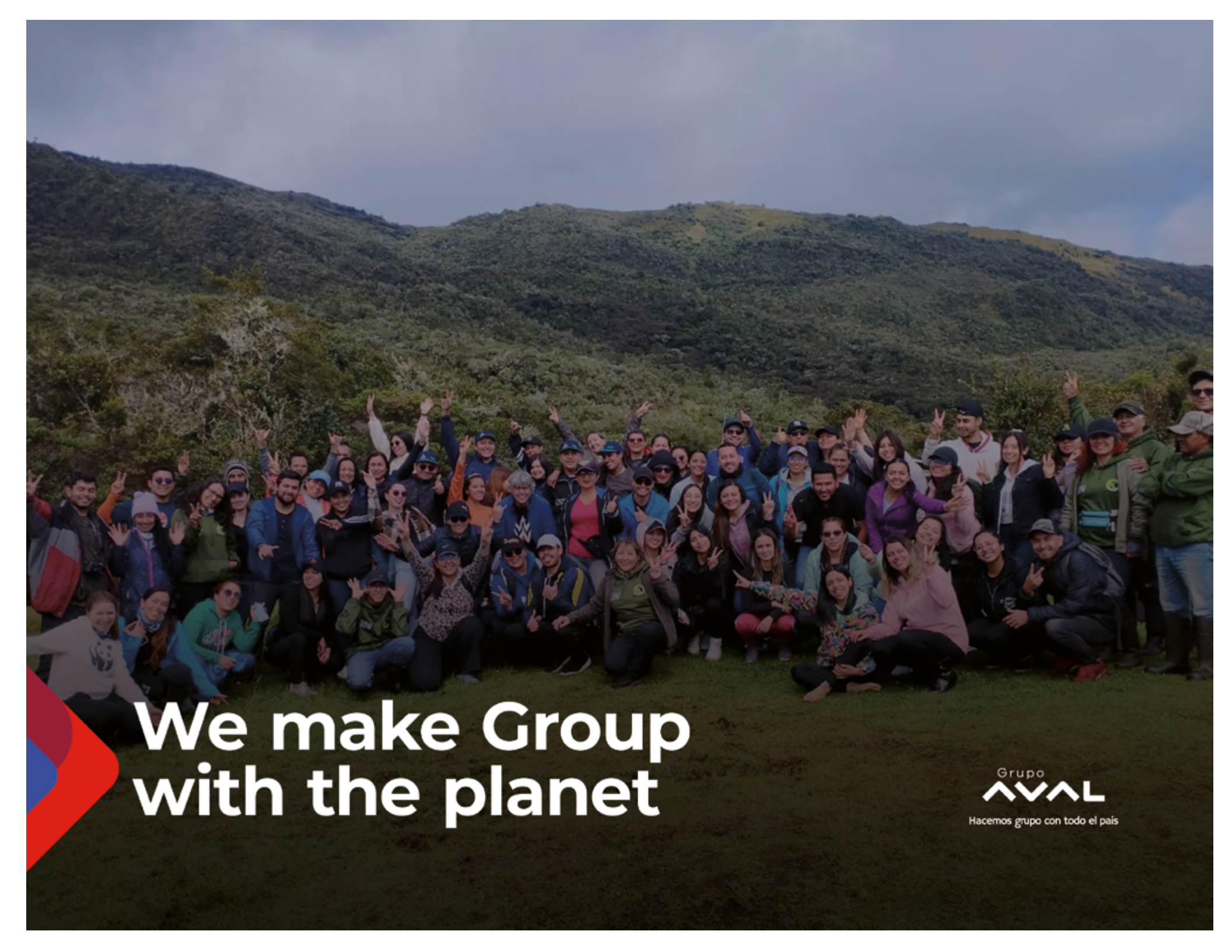
Employees who decide to leave the company transmit to us through exit interviews possibilities to strengthen our talent attraction and retention strategies. For 2023, we had a total turnover rate of 22.27%, however, of the total withdrawals, 11.54% covered positions in other entities of the group.

Given the nature of the economic activity and the main headquarters of Grupo Aval Acciones y Valores S.A., the separations are considered as the "Bogotá Region" which includes Bogotá and nearby towns such as Chía, Mosquera or others where our employees reside.

| Turnover Rate                              | 2021         | 2022          | 2023          |
|--------------------------------------------|--------------|---------------|---------------|
| Total Turnover Rate                        | 6.75%        | 16.53%        | 22.27%        |
| <b>Gender</b>                              |              |               |               |
| Women                                      | 2.78%        | 6.36%         | 11.34%        |
| Men                                        | 3.97%        | 10.17%        | 10.92%        |
| <b>Total Turnover</b>                      | <b>6.75%</b> | <b>16.53%</b> | <b>22.27%</b> |
| <b>Age</b>                                 |              |               |               |
| Under 30 years of age                      | 22.22%       | 9.52%         | 3.85%         |
| Between 30 and 50 years old                | 77.78%       | 90.48%        | 92.31%        |
| Over 50 years of age                       | 0.00%        | 0.00%         | 3.85%         |
| <b>Category of Positions</b>               |              |               |               |
| Directors and/or heads of functional areas | 22.22%       | 14.29%        | 7.69%         |
| Middle management                          | 22.22%       | 33.33%        | 23.08%        |
| Qualified professionals                    | 44.44%       | 47.62%        | 65.38%        |
| Support staff                              | 11.11%       | 4.76%         | 3.85%         |

### By 2024, human talent management will focus on the following perspectives:

- We will define and execute an action plan related to the results of the organizational climate measurement carried out in 2023.
- We will continue to work on initiatives that allow us to attract and retain the best talent.
- We continue to evaluate and implement actions and initiatives aimed at promoting the work-life balance of our employees.
- We will comply 100% with the work plan in terms of training, well-being, organizational climate and occupational health and safety.



**We make Group  
with the planet**

Grupo  
**AVAL**  
Hacemos grupo con todo el país



# Environment



3-3

As a result of the double materiality analysis, it was found that Climate change management and mitigation is one of the main issues to be managed. In this regard, in 2019 we carried out the first carbon footprint measurement for Grupo Aval Holding (scopes 1, 2 and 3) under the [GHG Protocol](#) methodology, identifying the direct and indirect environmental impact of our operations on the generation of GHGs. We have carried out this exercise annually to improve the quality of the information, including in 2023 the measurement of scopes 1 and 2 of the entities. We also consolidate their energy and water consumption, to establish a baseline to determine the goals to be achieved as a group.

We have proposed our roadmap following the TCFD recommendations, in governance, strategy, risk management and metrics and objectives, as a mechanism for managing the risks and opportunities associated with climate change. This exercise has been carried out in parallel by our entities, which, due to their nature of the business, are the ones that generate a direct impact on the environment with their credit portfolios, and which are responsible for measuring and managing physical and transition risks.

We monitor different environmental aspects such as energy and water consumption, and waste generation. This has made it possible to develop actions in favor of the conscious use of these resources and their correct management.

We will continue to implement actions so that our employees generate responsible consumption habits, and during 2024, we will improve the measurement of our carbon footprint as a Holding Company and of the entities

in the 3 scopes, promoting the reduction, mitigation, and compensation of emissions. We will also continue to implement the TCFD recommendations.

## Energy Management

302-1

At Grupo Aval we promote the efficient use of energy, which is why we have implemented energy-saving LED lighting systems, with presence sensors in infrequent spaces, and we have programmed computers with sleep timers. In 2023, our consumption increased 7.7% compared to the previous year, due to the increase in person hours of employees in the offices.

| Energy consumption (kWh) - Grupo Aval Holding |         |         |              |
|-----------------------------------------------|---------|---------|--------------|
| 2021                                          | 2022    | 2023    | 2023 vs 2022 |
| 133,306                                       | 160,733 | 173,039 | 7,7%         |

Our entities have some offices nationwide that use renewable energy, for example, through solar panels, in the case of Banco de Bogotá and Banco Popular. The total energy consumption of the entities in 2023 was 402,055,193 kW:

The Group's four banks and Porvenir reduced their energy consumption, while Corficolombiana increased due to the increase in restaurant consumption as part of its investment in the hotel sector. Corficolombiana is the entity with the highest contribution due to the fact that it includes in this indicator the consumption derived from its investments that belong to sectors of high consumption for the development of its activities, such as energy, infrastructure and agribusiness, among others. As a result, we recorded a consolidated increase of 6.4% compared to 2022.

| Energy consumption (kWh) - Entities |                       |                       |                       |              |
|-------------------------------------|-----------------------|-----------------------|-----------------------|--------------|
| Entity                              | 2021                  | 2022                  | 2023                  | 2023 vs 2022 |
| <b>Banco de Bogotá</b>              | 27.408.770,00         | 25.928.160,00         | 23.316.000,00         | -10,1%       |
| <b>Banco de Occidente</b>           | 13.859.640,00         | 12.424.640,00         | 11.531.510,00         | -7,2%        |
| <b>Banco Popular</b>                | 14.748.000,00         | 13.880.000,00         | 12.884.000,00         | -7,2%        |
| <b>Banco AV Villas</b>              | 10.830.201,00         | 11.560.148,00         | 11.200.863,00         | -3,1%        |
| <b>Corficolombiana</b>              | 348.798.420,00        | 310.780.400,00        | 340.038.300,00        | 9,4%         |
| <b>Porvenir</b>                     | 3.067.202,00          | 3.257.772,00          | 3.084.520,00          | -5,3%        |
| <b>Total</b>                        | <b>418.712.233,00</b> | <b>377.831.120,00</b> | <b>402.055.193,00</b> | <b>6,4%</b>  |

At the Holding we do not use non-renewable energies for the development of our activities. In the case of our entities and given that they provide in person services to their customers, they sometimes make use of non-renewable energies as a support mechanism in the event of interruptions in the electricity service. Some of these sources are gasoline, diesel or ACPM plants, Anhydrous Bioethanol and Palm Biodiesel.

## Management of GHG emissions (Greenhouse Gases)

### 305-1 305-2 305-3

In 2023, for the fifth consecutive year, the carbon footprint was measured for 100% of the activities carried out at Grupo Aval Holding, which correspond to administrative functions in Bogotá. The measurement was carried out for scopes 1, 2 and 3, under the "Corporate Accounting and Reporting Standard – GHG PROTOCOL". For each of the scopes, the following emission sources were identified:

**Scope 1.** Emissions generated by air conditioning systems (HFC-410a / R-410A) and refrigerators (R-134A). For 2023, emissions generated by CO2 fire extinguishers were included.

**Scope 2.** Emissions generated by energy consumption, air conditioners, computer equipment and lighting systems.

**Scope 3.** Emissions generated by paper and water consumption, land and air travel of employees.

| Scope     | Sources                                                          | Carbon footprint (tCO <sub>2</sub> eq/año) |       |       |       |       | 23 vs 22 | 23 vs 19 |
|-----------|------------------------------------------------------------------|--------------------------------------------|-------|-------|-------|-------|----------|----------|
|           |                                                                  | 2019                                       | 2020  | 2021  | 2022  | 2023  |          |          |
| 1         | Air conditioning systems, refrigerators, and fire extinguishers. | 2.84                                       | 6.06  | 2.84  | 2.80  | 0.04  | -98.6%   | -98.6%   |
| 2         | Energy consumption.                                              | 27.67                                      | 25.73 | 16.80 | 18.10 | 19.38 | 7.1%     | -30.0%   |
| 3         | Consumption of paper, water, and transport of employees.         | 25.29                                      | 7.15  | 5.00  | 6.70  | 8.64  | 29.0%    | -65.8%   |
| TOTAL HCC |                                                                  | 55.8                                       | 38.94 | 24.64 | 27.61 | 28.06 | 1.6%     | -49.7%   |

This year, there was a 49.7% reduction in the carbon footprint compared to our base year (2019), maintaining a similar performance to that of 2022. This is due to the hybrid work model that continues at Grupo Aval Holding, the actions to reduce paper consumption in the offices and the reduction of transport for business activities.

In relation to the behavior of each of the scopes in 2023 compared to the immediately previous year, a reduction in scope 1 was evidenced, given that HCFC-123 extinguishers were replaced with CO2 extinguishers and that no refills of the refrigeration systems were carried out. Scope 2 presented a slight increase due to the consumption of electrical energy for administrative activities in the offices and related to scope 3, the increase was due to the fact that more air travel was made to international destinations.

## Consolidated carbon footprint of entities (scope 1 and 2)

Within the management and mitigation of climate change, it is essential to consider the GHG emissions that are being generated by our entities, which have been developing the measurement of the carbon footprint of their activities. To this end, in 2023 we carried out the first corporate carbon footprint consolidation exercise for scopes 1 and 2, where we included information on 4 of the Holding's 6 direct investments. Total emissions for scope 1 were 227,671.93 tCO<sub>2</sub>eq and for scope 2 were 20,353.45 tCO<sub>2</sub>eq.

| Entity                    | 2023 (tCO <sub>2</sub> eq) |                  |
|---------------------------|----------------------------|------------------|
|                           | Scope 1                    | Scope 2          |
| <b>Banco de Bogotá</b>    | 1,928.00                   | 2,517.00         |
| <b>Banco de Occidente</b> | 1,252.01                   | 1,992.65         |
| <b>Banco Popular</b>      | 345.88                     | 2,226.42         |
| <b>Corficolombiana</b>    | 224,146.00                 | 13,598.00        |
| <b>Total</b>              | <b>227,671.93</b>          | <b>20,353.45</b> |

Note: Biogenic emissions are not considered for scope 1. Banco AV Villas and Porvenir are in the process of measuring their carbon footprint for the 2023 period.

Total emissions for scope 1 were 227,671.93 tCO<sub>2</sub>eq and for scope 2 were 20,353.45 tCO<sub>2</sub>eq. Due to the inclusion in the measurement of the emissions generated by the investments made mainly in infrastructure and energy (industries whose activities generate a high impact), Corficolombiana represents the largest participation in the corporate GHG inventory, representing 98% of emissions for scope 1 and 67% of those corresponding to scope 2.

By 2024 we expect to have consolidated carbon footprint information for our four banks, Corficolombiana and Porvenir, in order to set group reduction goals.





# Financed emissions

## Financed emissions - bank portfolio

FN-CB-410b.1, FN-CB-410b.3, FN-CB-410b.4

The impact of GHG emissions generated by financial institutions goes beyond the activities under their direct control, being jointly responsible for those generated by their portfolios of financial assets. This exercise aligns climate risk management initiatives and the decarbonization of their portfolios.

The estimation of the financed emissions with the methodology defined by PCAF (*Partnership for Carbon Accounting Financials*) for commercial loans, takes into account the carbon footprint of the clients financed in the reporting year and the share of the Bank's debt within the capital structure of each client: total financial indebtedness plus equity.

In 2023, Banco de Bogotá measured the emissions of its portfolio for 2022 with a PCAF score between 2 and 3, in the oil & gas, power generation, steel and cement sectors, sectors that represent 69% of the emissions of the portfolio under analysis under this methodology. This allowed the bank to take a GHG inventory and estimate the carbon footprint of financed customers from production data. Financed emissions for 2022 were a total of 7.46 million tCO<sub>2</sub>eq, with a customer exposure of \$33.08 trillion pesos. At the consolidated level, Banco de Bogotá represents 53.3% of Grupo Aval's gross portfolio.

In 2024, Banco de Bogotá will publish the issuances generated in 2023. For their part, Banco Popular, Banco de Occidente and Banco AV Villas will carry out the first measurement of emissions financed under the aforementioned methodology.

## AUM Financed emissions

FN-AC-410b.1, FN-AC-410b.2, FN-AC-410b.3

The Porvenir Pension Fund Administrator made the first disclosure of GHGs derived from a portion of its investment portfolios under the PCAF methodology. These measurements will make it possible to establish a baseline and set targets for decarbonization.

The financed emissions and carbon footprint for the assets covered by Porvenir in terms of listed equities, corporate bonds and sovereign bonds were 1.8 million tons of CO<sub>2</sub>eq in 2022. The carbon footprint for the year 2022 was 119.3 tons of CO<sub>2</sub>eq per million dollars of Assets Under Management. This measure has a coverage of 36.8% of Porvenir's Assets Under Management.

For its part, Corficolombiana, although it does not have AUM asset management, classifies its benchmark assets into categories for financial control. In this regard, it measured the financed emissions for 2023 from its investments in the oil, gas and financial sectors, mainly, generating 13,054.87 tCO<sub>2</sub>eq.

## Climate Change Management

The Task Force Climate Related Financial Disclosure (TCFD) states that "climate change poses financial risks to the global economy." To define management and consider climate-related risks and opportunities in financial markets, this framework sets out recommendations for disclosing associated information.

## TCFD Thematic areas and recommendations

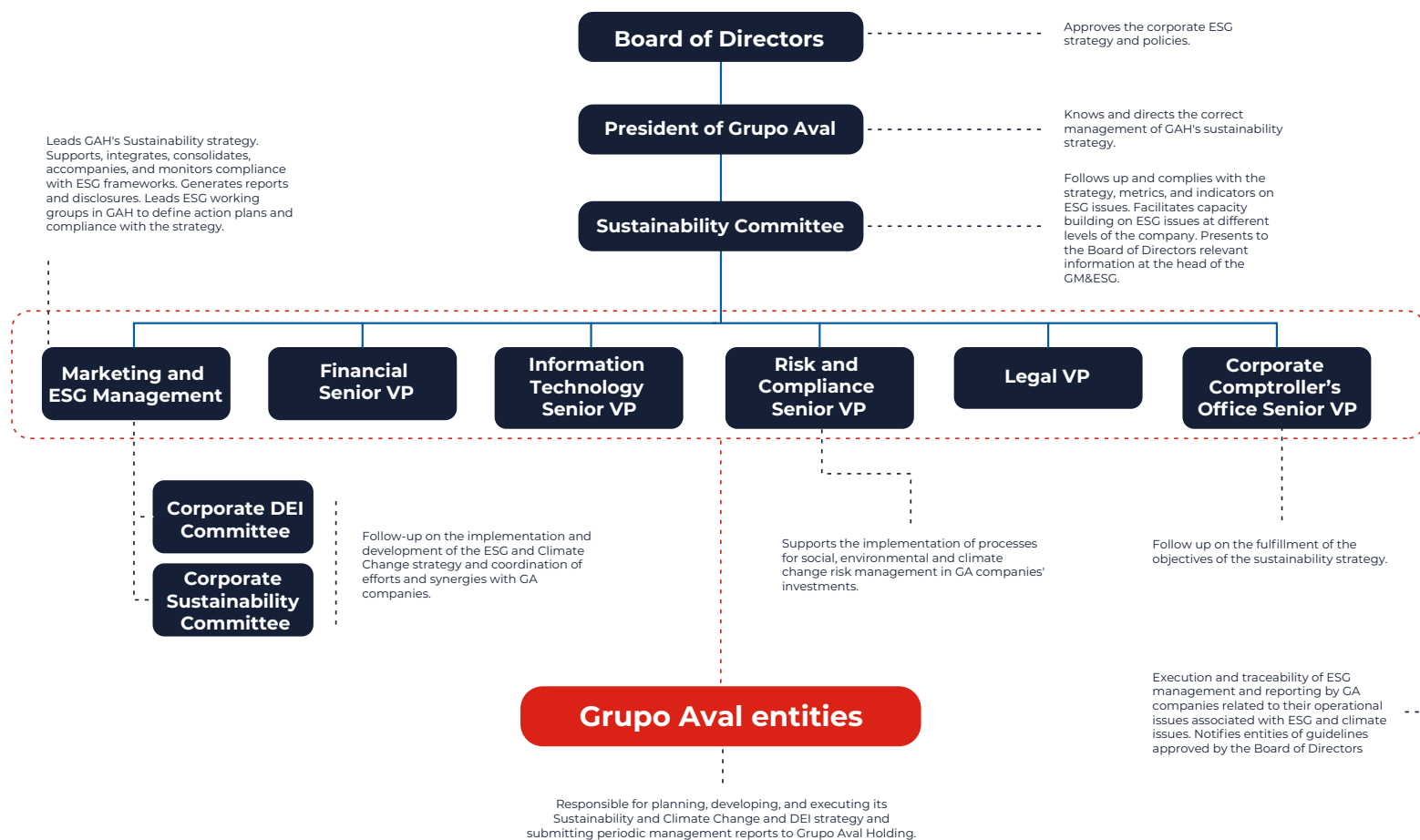
| Subject area               | Objective                                                                                                                                                                                | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governance</b>          | Disclose the organization's governance around climate-related risks and opportunities.                                                                                                   | <ul style="list-style-type: none"> <li>• Board oversight of climate-related risks and opportunities.</li> <li>• Determining the role of management in assessing and managing climate-related risks and opportunities.</li> </ul>                                                                                                                                                                                                                                                                      |
| <b>Strategy</b>            | Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning when such information is material. | <ul style="list-style-type: none"> <li>• Description of climate-related risks and opportunities that the organization has identified in the short, medium, and long term.</li> <li>• Description of the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.</li> <li>• Description of the resilience of the organization's strategy, considering different climate-related scenarios, including a scenario of 2°C or less.</li> </ul> |
| <b>Risk Management</b>     | Disclose how the organization identifies, assesses, and manages climate-related risks.                                                                                                   | <ul style="list-style-type: none"> <li>• Description of the organization's processes for identifying and assessing climate-related risks.</li> <li>• Description of the organization's processes for managing climate-related risks. Describe how the processes of identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</li> </ul>                                                                                              |
| <b>Metrics &amp; Goals</b> | Disclose the parameters and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.                                       | <ul style="list-style-type: none"> <li>• Description of the organization's processes for identifying and assessing climate-related risks.</li> <li>• Description of the organization's processes for managing climate-related risks. Describe how the processes of identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</li> </ul>                                                                                              |

Font: TCFD (<https://www.fsb-tcfd.org/recommendations/>)

In response to these recommendations, and understanding our mission, we have developed each of the thematic areas of the framework focused on promoting the management and disclosure of risks associated with climate change through our entities.

## I. ESG Governance

Sustainability management is essential for the proper development of the business, which is how the governance structure was defined, where the Board of Directors, the Executive Committee and strategic areas of the Holding are involved, establishing roles and responsibilities at different levels.



Awareness-raising and review sessions on ESG issues, including climate issues, were held for the Executive Committee and the Board of Directors of Grupo Aval Holding. These sessions addressed topics such as: importance of ESG issues, metrics, and standards, among others.

## Corporate Sustainability Policy

With the aim of establishing the general guidelines for entities to carry out, through their governing bodies, the responsible management of natural resources, the promotion of fair labor practices, financial inclusion, and support for social and environmental projects, in 2023 we began the construction of the Corporate Sustainability Policy that will come into force in the first quarter of 2024.

## II. Estrategy

In 2023 we updated the materiality under a vision of double materiality, considering the impact that the environment (climate change) has on the business (see section Double Materiality in Grupo Aval). As a result of this exercise, one of the material topics prioritized is the Management and Mitigation of Climate Change. To respond to this management, our entities, which have a direct impact with their activities, are responsible for defining and executing their internal strategy, which must respond to the recommendations established by the TCFD framework and the commitments defined by the Holding.

Under this consideration, the disclosure of this information will be as reported in the TCFD reports of our entities.

## III. Climate Change Risk Management

As described in the Climate Change Risk section of this document, the analysis of these risks is carried out by our banks, who have worked on the mapping and identification of physical and transition risks, assessing the need to strengthen prevention, containment, mitigation, and resilience mechanisms.

## IV. Metrics & Goals 2024

We have drawn up a roadmap for 2024, focused on managing actions that direct us towards our goal of reducing GHG emissions generated by the activities of our business and the entities.

### Grupo Aval Holding Actions

- Define a corporate climate change management and mitigation policy that ensures compliance with environmental legislation and international requirements.
- Carry out an inventory of the Holding's Greenhouse Gases according to the GHG Protocol (Scope 1, 2 and 3). Set reduction goals and deadlines.

### Actions for the management of entities

- Establish the minimum climate risk management requirements of entities to standardize the consolidation of information.
- Establish the minimum requirements of the entities for the consolidation of information for Greenhouse Gas emissions according to the GHG Protocol Scope 1, 2 and 3.

## Climate Change Management - Entities

Below are the main actions of the entities during 2023 in terms of climate strategy.

**Note: For the entities' TCFD report, please refer to Annex 3**

| TCFD - Grupo Aval Entities |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                     |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Entity                     | Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Strategy                                                                                                                                                                                                                                                                                                                                                                               | Risk Management                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Metrics & Goals                                                                                                                                                                                     |
| <b>Banco de Bogotá</b>     | <p>The bank established a strong governance model that ensures the prioritization of Environmental, Social and Governance (ESG) issues and incorporates them into decision-making, including issues related to climate change.</p>                                                                                                                                                                                                                                                                                                                         | <p>The sustainability strategy seeks long-term innovative, responsible, and visionary management.</p>                                                                                                                                                                                                                                                                                  | <p>Since 2019, the bank has analyzed its customers' environmental and social criteria through the Environmental and Social Risk Management System (ESRMS). This process has evolved, including, within the management framework, climate change risk as a transition and physical risk.</p>                                                                                                                                                                                                                                                                                             | <p>Since 2019, the bank has measured its annual corporate carbon footprint, taking into account the guidelines of the GHG Protocol and the Colombian Technical Standard NTC – ISO 14064-1:2006.</p> |
| <b>Banco de Occidente</b>  | <p>The bank's Climate Governance recognizes the ownership and knowledge of the importance of climate change in the operation and, even more, highlights the role in the management of decarbonization and climate resilience processes in the value chain.</p> <p>The Climate Governance structure was defined, which is composed of a supervision of climate issues by the Board of Directors, President, and Support Committees such as the Audit Committee, the Comprehensive Risk Management Committee, and the Sustainability Steering Committee.</p> | <p>The climate strategy includes the identification of physical and transition risks, and opportunities that translate into a roadmap for decarbonization and climate resilience.</p> <p>For 2023, a decarbonization and climate resilience portfolio was defined in response to the risks assessed, and it was evident that climate action efforts are not starting from scratch.</p> | <p>The methodology developed by Ecoacciones S.A.S. BIC and Banco de Occidente for the identification, prioritization and assessment of financial risks associated with climate was adapted from the methodology proposed by "The Carbon Trust", in accordance with the bank's perspective, the sectoral analysis in Colombia and the TCFD recommendations.</p>                                                                                                                                                                                                                          | <p>To assess climate-related financial risks, the bank is in the process of internally validating the metrics and goals to consider.</p>                                                            |
| <b>Banco Popular</b>       | <p>For the bank, ESG issues have become of significant importance, where the identification of potential risks and the application of eligibility criteria for decision-making is key. Thus, senior management received both internal and external advice throughout 2022 and 2023, with the purpose of ensuring knowledge and skills on matters relevant to the financial sector.</p>                                                                                                                                                                     | <p>The bank integrated sustainability into the main purpose and the 2025 strategy to consolidate its commitment to the country's sustainable development through the provision of financial services that leverage economic growth, as well as the well-being of people and organizations in the territories where the bank operates.</p>                                              | <p>The bank designed and developed the Environmental and Social Risk Management System (ESRMS) as a tool for analyzing the lending process. It also identified the current physical risks associated with the Corporate, Government and Construction portfolios, classifying them by level of exposure and threat of flooding, mass movements and drought, and the inclusion of climate variables such as temperature and precipitation in the prospective analysis of future climate scenarios together with the use of information from global models available in worldclim.org.</p> | <p>The bank measured GHG emissions through the estimation of the Corporate Carbon Footprint, which provided a solid methodology for the development of a route towards Carbon Neutrality.</p>       |



| TCFD - Grupo Aval Entities |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                  |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Entity                     | Gobernance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Estrategy                                                                                                                                                                                                                                                                                               | Risk Management                                                                                                                                                                                                                                   | Metrics & Goals                                                                                                                                                                                                                                                                                                                  |
| <b>Banco AV Villas</b>     | Given the importance of structuring and implementing a governance model that guarantees the proper management of ESG issues and, at the same time, permeates the bank's decision-making to successfully develop the sustainability strategy, a series of actions have been proposed that will strengthen the management of climate issues.                                                                                                                                                          | For the maturity of the climate strategy integrated into the bank's business model, a roadmap was drawn up aimed at managing the risks associated with climate change.                                                                                                                                  | The bank will manage risks through the Environmental Risk Management System that will come into operation in 2024, through the development of 6 stages that will be executed in an integrated manner with the bank's credit process.              | It is expected to establish the Climate Strategy with goals and objectives aligned with TCFD. By measuring its carbon footprint, the bank has identified opportunities to reduce GHG emissions.                                                                                                                                  |
| <b>Corficolombiana</b>     | The Board of Directors and its associated committees such as the Corporate Governance and Sustainability Committee, as well as the Corporate Governance, Risk and Compliance Committee - CGRC - and the Presidency are responsible for leading and ensuring the implementation of the actions defined in the climate strategy.<br>The Sustainability Department provides internal support and accompaniment and is responsible for monitoring the level of compliance with the Strategy and Policy. | The Climate Strategy is part of the corporate strategy Corficolombiana Sostenible, and its investment plans, and seeks to consolidate a low-carbon investment portfolio and resilient to the effects of climate change. Two complementary strategic fronts were established: Transition and Adaptation. | The climate risk analysis process is integrated into the organization's regular process for identifying, managing, and monitoring risks. Climate change is part of a category of Corficolombiana risk taxonomy defined as the Operational Domain. | Objectives were established for each of the fronts of the strategy: on the transition front they are oriented towards the decarbonization of operations and low-carbon investments, and on the adaptation front they focus on the management of organizations' climate risks and on structured and implemented adaptation plans. |
| <b>Porvenir</b>            | The Board of Directors Committees received training on climate change and the results of risk and opportunity assessments were presented.                                                                                                                                                                                                                                                                                                                                                           | The identification of risks and opportunities of climate change and the initial analysis of possible effects on the strategy (AEA / ATA) and portfolios in voluntary (Sustainable Generation) were carried out.                                                                                         | Portfolio exposure to risks and opportunities were mapped, and engagement and collaboration actions were identified.                                                                                                                              | Risk and opportunity exposure metrics were defined. The bank measured the carbon footprint of portfolios.                                                                                                                                                                                                                        |

Note: This table includes a summary of the entities' climate strategy, following the recommendations of the TCFD. For more information, please refer to the TCFD reports published by the entities referenced below:

## Milestones in energy management and climate change of entities

Below are the main actions and achievements that have been carried out in our entities aimed at reducing their carbon footprint and efficient use of energy:

### Banco de Bogotá:

- It issued Colombia's first sustainable subordinated bond in the international market, with the participation of four multilateral banks: IDB Invest, Findev Canada, Finance in Motion and IFC. The issuance was made for an amount of USD\$ 230 million. It also held meetings to accompany 870 clients in their energy transition and sustainable projects. It received an Honorable Mention in the Sustainable Bond of the Year Category, awarded by Global SME Finance Awards 2023 and IFC's Green Bond Technical Assistance Program. 945 employees from the Bank's strategic areas participated in training on issues related to climate change, sustainability, and environmental responsibility.

It financed renewable energy generation projects equivalent to the consumption of more than 1.2 million homes.

### Banco de Occidente:

- It extended its Sustainable Mobility program to the offices in Barranquilla and Medellín, joining Bogotá and Cali. This prevented the generation of 25,273 CO2. It has 43 offices with energy-efficient systems, of which six are operated with solar energy systems. It also developed volunteering with employees, with the planting of 1,070 trees in areas such as: Farallones National Natural Park (Cali), Chingaza National Natural Park (Bogotá) and Vía Parque Isla de Salamanca (Barranquilla). With its Vivienda Planeta Azul loan, it supports housing projects that have some sustainable certification (Leed, Edge, Casa Colombia and Breeam), providing differential interest rates.



- Fiduciaria de Occidente was certified as Carbon Neutral by ICONTEC.

### Banco AV Villas:

- It reduced energy consumption by 191,872 KW/H by replacing its lightbulbs with LED technology and with its AV Villas Business Forest initiative, in the Great Indigenous Reserve of Vaupés, it planted 326 trees in partnership with Saving The Amazon.

### Corficolombiana:

- It is carbon neutral, offsetting CO2 emissions through reforestation projects by Mavalle S.A. It planted 191,762 trees and protected more than 1,051 species of fauna and flora and about 3,057 hectares.
- Through Surtigas, a subsidiary of Promigas, it inaugurated the UBT Solar project, the largest photovoltaic farm in the country at the Technological University of Bolívar, which has the capacity to generate 700 kWh/year and 1,260 solar panels, thus replacing approximately 50% of the energy consumed by the university.
- In support of their infrastructure investments, they adopted environmentally sound industrial processes, with the installation of solar panels for power supply in tunnel lighting, checkpoints, and road signage.
- Our entities planted nearly 300,000 trees and Corficolombiana protected more than 1,051 species of fauna and flora and about 3,057 hectares.

## Water Resource Management

303-5

The drinking water used in the daily activities of Grupo Aval Holding is distributed by the Aqueduct and Sewerage Company of the city of Bogotá, an entity that carries out the integral management of water resources.

As a complement to this management, Grupo Aval Holding has:

- Efficient faucets in sinks by means of sensors that prevent water waste due to use.
- Flushometers in our toilets instead of water tanks, so that the water waste per flush is reduced.
- Preventive maintenance to avoid leaks that can lead to resource losses.

The total consumption of drinking water for 2023 was 947.07 m<sup>3</sup>, although it should be clarified that in the Banco de Occidente building, where we have our offices, consumption is distributed proportionally according to the area that each office has.

The entities, aware of the importance of the efficient use of this resource, have developed internal programs that have led to the reduction of their consumption in 2023 compared to the immediately previous year, this is the case of Banco de Bogotá, which presented a reduction of 18%, as well as Banco Popular and Porvenir, which had a reduction.

| Entity                    | Water consumption (m <sup>3</sup> ) |                    |                    | Variation 2023 vs 2022 |
|---------------------------|-------------------------------------|--------------------|--------------------|------------------------|
|                           | 2021                                | 2022               | 2023               |                        |
| <b>Banco de Bogotá</b>    | 77,000                              | 73,000             | 60,000             | 18%                    |
| <b>Banco de Occidente</b> | 27,460                              | 26,710             | 26,580             | 0%                     |
| <b>Banco Popular</b>      | 186,500                             | 175,300            | 161,200            | 8%                     |
| <b>Banco AV Villas</b>    | 33,942                              | 26,790             | 32,540             | -21%                   |
| <b>Corficolombiana</b>    | 209,966,804                         | 234,835,415        | 238,299,518        | -1%                    |
| <b>Porvenir</b>           | 10,954                              | 14,352             | 13,054             | 9%                     |
| <b>Total</b>              | <b>210,302,660</b>                  | <b>235,151,567</b> | <b>238,592,892</b> | <b>-1%</b>             |



Total consumption for the Group's entities showed an increase of 1% for the year 2023, which was mainly due to the contribution of Corficolombiana, consumption that includes that of its investments, which, belonging to the sectors: Oil & Gas, infrastructure, cement companies, agriculture, among others, consume a high amount of water for the development of their activities

Banco de Occidente's Blue Planet Award celebrated its 30th anniversary. It aims to highlight notable achievements in the protection and conservation of water and the environment. More than \$1.99 billion has been awarded in prizes aimed at promoting the development of water care projects. This award is given every 2 years and will have its sixteenth edition in 2024.

## Waste Management

306-2, 306-4

In the offices of Grupo Aval Holding, we have recycling programs, where the separation of waste at the source is promoted with ecological points, resulting in the delivery of the following quantities as recyclable and hazardous waste. During 2024 we will continue to work to establish a baseline regarding the quantities of unusable waste.

| Description of waste diverted from disposal | Quantity (Tons) 2023 | %            |
|---------------------------------------------|----------------------|--------------|
| <b>File</b>                                 | 0.3895               | 14,7         |
| <b>PET (Plastic Bottles)</b>                | 0.026                | 1,0          |
| <b>Plastic</b>                              | 0.0615               | 2,3          |
| <b>Glass</b>                                | 1.015                | 38,2         |
| <b>Plastic caps</b>                         | 0.023                | 0,9          |
| <b>Cardboard</b>                            | 0.0045               | 0,2          |
| <b>Foldables</b>                            | 0.375                | 14,1         |
| <b>Total non-hazardous waste</b>            | <b>1.8945</b>        | <b>71,3</b>  |
| <b>WEEE</b>                                 | 0.7634               | 28,7         |
| <b>Total hazardous waste</b>                | 0.7634               | 28,7         |
| <b>Total</b>                                | <b>2.6579</b>        | <b>100,0</b> |

## Recycling Culture

At Grupo Aval Holding's facilities, we promote awareness-raising strategies with employees, through informative pieces, raising awareness of the importance of separation at the source and the proper disposal of waste. In 2023 we delivered:



1,894.5 kilograms of recycled waste to the Fundación Sanar, these elements are used for the program to help the treatment of low-income children with cancer, which turns the recycling process not only into an environmental aid, but also social work.



763.4 kilograms of electrical and electronic waste to suppliers who are responsible for the proper disposal of these elements, part of this waste is voluntarily brought by employees from their homes as a result of these campaigns.



Reusable ecological mugs to all employees in December 2023, to discourage the use of disposable cups in offices.

Banco AV Villas provided support to the Fundación Sanar, delivering 13.2 tons of plastic caps, which the foundation markets to invest in the early detection and treatment of childhood and adolescent cancer in the country. This contribution was made thanks to the support of employees, their families, and customers of the bank.

## Waste Impact Management

We guarantee that the treatment of the waste we generate is carried out by certified companies for its management and final disposal according to its characteristics.

### Empresas encargadas del aprovechamiento y disposición final de residuos

| Company                             | Type of waste        |
|-------------------------------------|----------------------|
| <b>Acumuladores de oriente</b>      | Hazardous            |
| <b>Lexmark</b>                      | Hazardous            |
| <b>Comercializadora la Nacional</b> | Hazardous and usable |
| <b>OCADE</b>                        | Hazardous            |
| <b>Sanar *</b>                      | Usable               |

\* Donation

The management of unusable waste is carried out by the management company of the city of Bogotá, which is taken to landfills with quality standards and regulated by the district..

### Articulated Work with our Banks

We continue to lead the Corporate Sustainability Committee with the participation of our entities (Banks, Corficolombiana, Porvenir and dale!), to monitor management and make decisions that allow us to optimize the efforts and resources available, in addition to finding opportunities for corporate synergies.

# Supplier Management

308-1, 414-1

We highlight the Holding's supplier management in 2023:

- We promote the national industry through the acquisition of local goods and services.

| Supplier type | % number of suppliers | % of value paid to suppliers |
|---------------|-----------------------|------------------------------|
| Local         | 91%                   | 89%                          |
| Foreign       | 9%                    | 11%                          |
| <b>Total</b>  | <b>100%</b>           | <b>100%</b>                  |

- We raise awareness among our suppliers about Occupational Health and Safety by publicizing our Policy, the prevention of emergencies that may occur in our facilities and other relevant aspects of our Occupational Health and Safety Management System, hereinafter "OSHS". By 2023, awareness was raised among 33% of the suppliers who frequent our facilities.
- It is important for us to know our suppliers, for this reason, considering social issues, since December 2023 for the process of updating and/or creating as a supplier, we ask them if their company, their legal representative or partners, have been subject to analysis in terms of human rights.
- For the engagement and updating of our suppliers, as a social criterion in the selection process, we verify that the applicant supplier has implemented the OSHS, as a result 100% of suppliers comply with this aspect.
- Personnel linked through outsourcing who carry out activities within our facilities are periodically verified to guarantee their coverage in Social Security and Occupational Risks; we also include them in some activities scheduled in the Work and Training Plan of our OSHS

In our supplier selection process, we announce and applicants agree to comply with the criteria of business ethics: Aval Ethics Line, Grupo Aval Code of Ethics and Conduct, anti-corruption, prevention of money laundering and

financing of terrorism, confidentiality, protection of personal data, declaration of no conflict of interest, sustainability. 100% of our suppliers are aware of and have agreed to comply with these Company policies and guidelines.

## From our entities:

Banco de Bogotá, Banco Popular and Corficolombiana have Sustainable Procurement Policies, whose objective is to incorporate environmental and social criteria for the acquisition of goods and services, with a rational and efficient use of the same suppliers, promoting the adoption of sustainable practices.

In 2023, our entities made progress in these analyses of environmental and social criteria, as evidenced in the following table

| Entity                    | % of suppliers selected according to criteria |        |
|---------------------------|-----------------------------------------------|--------|
|                           | Environmental                                 | Social |
| <b>Banco de Bogotá</b>    | 10                                            | 10     |
| <b>Banco de Occidente</b> | 17                                            | 17     |
| <b>Banco Popular</b>      | 17.6                                          | 35     |
| <b>Banco AV Villas</b>    | 12.1                                          | 12.1   |
| <b>Corficolombiana</b>    | 87                                            | 87     |
| <b>Porvenir</b>           | 36                                            | 36     |

Corficolombiana leads this effort by analyzing 87% of its suppliers under these criteria. Expanding its commitment to this stakeholder group, it promotes good practices, with the CorfiSostenible award, which recognizes good practices in: Protection and conservation of the environment, Recycling, reuse and/ or recovery of waste, Clean energy and sustainable mobility, Contribution to communities and improvement of quality of life. In the last version, the Woman Entrepreneur Award and the Bonus Award were included.



## Analysis of Assets Under Management according Social and Environmental Criteria

FN-AC-410a.1, FN-AC-410a.2, FN-AC-410a.3

Porvenir continues to strengthen processes to develop internal ESG ratings for the review of issuers in different sectors, which contributes to risk analyses. At the end of 2023, the percentage of assets under management of Porvenir that incorporated the ESG assessment corresponded to 52.88%. In addition, a Relationship Policy was included in the Responsible Investment Policy to establish principles in relation to environmental, social and governance (ESG) dialogue and relationship activities with the companies or funds in which it invests, either individually or through collaborative engagement initiatives. In 2023 it participated as an active member of the Asset Owner Technical Committee of PRI.

Corficolombiana has a Responsible Investment Policy, which incorporates environmental, social and governance (ESG) factors in decision-making and in the determination and management of risks, opportunities and issues related to investment management. It has assets using ESG integration by \$17.3 trillion; assets using Sustainability Thematic Investments integration by \$5.7 trillion and applies to all new searches.

Corficolombiana and Porvenir are signatories of the PRI.





**We make Group  
with Society**

Grupo  
**AVAL**  
Hacemos grupo con todo el país



# Social Value Creation



Under our commitment to contribute to the country with actions that promote environments with equal conditions free of discrimination and closing social gaps, in recent years we have generated actions that have benefited thousands of Colombians, providing access to the financial sector and improving their living conditions.

Through our entities, we promote financial inclusion and education by reaching different segments of the country's population such as: young people, military forces, people over 60, children, among others, with products and services focused on their needs. In addition, we provide financial solutions to SMEs favoring the correct development of their activities.

We understand that the development of the country goes beyond the economic, which is why we lead social projects aimed at promoting the well-being of the entire population, such as the Luis Carlos Sarmiento Angulo Cancer Research and Treatment Center (CTIC) and "Misión la Guajira".

We are agents of change, and as one of the nation's largest employers, we have a responsibility to foster discrimination-free environments for all. For this reason, we work together with our entities to develop initiatives and programs that guarantee equal conditions and respect for their rights as individuals, actions that have also allowed us to have certifications and recognitions at the national level that support our commitment.

In 2024, we will continue to develop programs to continue closing social gaps in the country, generating well-being for all our stakeholders, and promoting respect for human rights with the implementation of our Corporate Human Rights Policy.

## Financial Inclusion and Education

Through our entities, we develop initiatives, products and services aimed at closing gaps in access to the financial sector in the country's communities. Innovation has been fundamental to impacting more and more people, and making customers have responsible financial habits.



## dale!, Grupo Aval's Digital Wallet

dale! is Grupo Aval's technological platform that provides individuals and businesses with tools to make electronic deposits and financial transactions from a single, 100% digital solution. In the last year, it presented a growth in customers of 231% compared to 2022, with 1,395,460 new customers, reaching a total of 2,000,542. 82% of these new customers were individuals (without a store or small businesses) and the remaining percentage were mobile sales forces.

Customer acquisition was carried out through the implementation of digital marketing strategies, the sales force of the Aval Banks and external sales forces; this last channel specializes in engaging informal businesses, thus starting the positioning of dale! in shops and small businesses.

During the year, dale! migrated its customers to its new transactional core and launched the native dale! 2.0 app. These milestones contribute to the wallet being able to continue with exponential growth, guaranteeing its customers greater stability and availability in the service.

Nearly 7 million successful monetary transactions were made, representing a growth of 182% over 2022. The monetary value of these transactions amounted to \$1 trillion. There were 405,167 dispersions of the Guaranteed Minimum Income subsidy of the District Secretariat of Finance of the Mayor's Office of Bogotá, for a value of \$83 billion, which represented a growth of 169% compared to the previous year; as well as payments of transportation subsidies for university students of the Governor's Office of Atlántico.

dale! obtained an outstanding result in the satisfaction indicator (INS) of 88.8%, a growth of 8.3 percentage points compared to the 2022 measurement. On the other hand, the Net Promoter Score (NPS) was 67%, a result higher than the average for the financial sector with a growth of 19.7 percentage points vs. the NPS obtained the previous year.

# Our banks' products aimed at financial inclusion

FN-CB-240a.1; FN-CB-240a.2

In 2023, our banks continued to support the country's SMEs by providing financial options to these segments, being fundamental actors for the proper development of their businesses. In 2023, 65,096 credits were placed.

|                                       | Banco de Bogotá* | Banco de Occidente** | Banco Popular | Banco AV Villas | Total        |
|---------------------------------------|------------------|----------------------|---------------|-----------------|--------------|
| <b>Number of loans placed in 2023</b> | 25,670           | 37,788               | 179           | 1,459           | 65,096       |
| <b>Amount – COP (millions)</b>        | \$ 1,492,000     | \$ 6,100,000         | \$ 40,098     | \$ 69,294       | \$ 7,701,392 |

\*Includes 2023 disbursements for the Microcredit, SME 1.0 and SME 2.0 and Medium Business segments with annual sales of up to \$5 billion pesos

\*\*SMEs up to 20 billion

In 2023, our banks rated a total of 11,350 overdue loans and 6,484 non-performing loans.

| Entity                    | Overdue credits<br>(1 to 60 days overdue) |                         | Non-performing loans<br>(more than 60 days in arrears) |                         |
|---------------------------|-------------------------------------------|-------------------------|--------------------------------------------------------|-------------------------|
|                           | Number of credits                         | Amount – COP (millions) | Number of credits                                      | Amount – COP (millions) |
| <b>Banco de Bogotá</b>    | 2,819                                     | \$ 119,790              | 1,336                                                  | \$ 33,940               |
| <b>Banco de Occidente</b> | 8,397                                     | \$ 62,344               | 4,351                                                  | \$ 498,464              |
| <b>Banco Popular</b>      | 14                                        | \$ 1,762                | 325                                                    | \$ 24,528               |
| <b>Banco AV Villas</b>    | 75                                        | \$ 1,979                | 472                                                    | \$ 18,939               |
| <b>Total</b>              | 11,305                                    | \$ 185,875              | 6,484                                                  | \$ 575,871              |

## Banking Products Segments

FN-CB-000.A, FN-CB-000.B

Our banks provide financial solutions that allow us to develop the capacities of Colombians in different segments such as: personal banking, SMEs and corporate, with products such as loans and savings and checking accounts. The coverage of our banks in 2023 is as follows:

➤ **Banco de Bogotá:** In savings accounts, it placed: in personal banking 788,482 people with an average monthly value of \$5.9 million and 123,697 SMEs with an average monthly value of \$23 million; in terms of checking accounts, it placed: in personal banking 4,559 people with an average monthly value of \$6.4 million and 123,697 SMEs with an average monthly value of \$25.8 million.

In loans, it placed: to individuals 589,091 with an amount of \$7,701 billion, to SMEs 25,670 with an amount of \$1,492 billion and to Corporate (includes business and corporate segment) 41,026 with an amount of \$12,385 billion pesos.

➤ **Banco de Occidente:** E38,302 people were placed in savings accounts with an average value of \$7.6 million and 2,443 people were placed in checking accounts with an average value of \$20.2 million.

In loans, it placed: 115,067 individuals with an amount of \$5,010 billion and Corporate 8,549 with an amount of \$9,709 billion.

➤ **Banco Popular:** In savings accounts, it placed: 41,170 individuals with an average opening value of \$4 million and 9 SMEs with an average value of \$14.3 million; in terms of checking accounts, it placed: 100 individuals with an average opening value of \$35 million and 22 SMEs with an average opening value of \$23.8 million.

In loans, it placed: 9,950 individuals with an amount of \$291,453 million and SMEs 179 with an amount of \$40.098 billion.

## Contribution to closing gaps in access to the financial sector

(FN-CB-240a.3)

Banco de Bogotá and Banco Popular contributed to closing gaps in access to the financial sector through products aimed at unbanked or underbanked customers, according to the target segments of each entity. Banco de Bogotá, through the Econocuenta product (savings account with no management fee, with six free withdrawals per month, with no minimum opening amount) placed a total of 14,936 products in 2023. For its part, Banco Popular placed 25,113 accounts for older adults (>60 years old).



## Financial Education

(FN CB 240a.4)

Banco de Bogotá and Banco Popular have developed financial education programs responding to the needs of users related to good cybersecurity practices and anti-fraud awareness, empowering people with knowledge and tools to make informed financial decisions. With these actions, more than 357,957 people in different municipalities of the country direct and indirectly benefited in 2023.

In addition, Banco de Bogotá developed an accessible financial education program for people with hearing disabilities, with the aim of providing training on the use of money to this traditionally underserved population, boosting their financial autonomy, promoting productivity and strengthening social and financial inclusion, reaching 58,868 people. Thanks to these initiatives, the bank received two awards: "Bringing Banking closer to Colombians" in the category of Financial Well-being, a recognition granted by Asobancaria, and the "Recognition of Good Practices in Sustainable Development 2023" granted by the Global Compact and the Bogotá Chamber of Commerce.

The Porvenir Pension Fund Administrator developed initiatives such as: Radio Classes, impacting more than 7,000 students from rural areas, 350,000 listeners and 500 teachers who were trained through the radio. Through the board game El Futuro es Ahorra, 2,500 children and young people were impacted with concepts such as savings, pensions and severance pay; 3.5 million members received content related to the understanding of the pension system. The fund launched the Senior Entrepreneurship Training Program with Universidad del Rosario, reaching 378 pensioners and recognizing 25 projects with the potential to attract investors and achieve



large-scale goals. More than 9,000 adults were trained in 4 training spaces on topics such as: entrepreneurship, definition and development of business ideas and brand creation and, additionally, the first entrepreneurship fair was held for pensioners with 26 business and life ventures.

## 2024 Commitments

### Grupo Aval Holding

- Monitor the goals of the indicators established by the entities in inclusion and financial education, respectively.
- Support the strengthening of digital products such as the dale! digital wallet, among others

### Entities Management

- Strengthen financial education and inclusion programs by presenting good practices and experiences in financial inclusion and education.

## Social Investment

### 203-1

As one of the most relevant financial groups in the country, we recognize the impact we can generate in Colombia's development. We are committed to developing initiatives that contribute to social well-being, such as:

### Luis Carlos Sarmiento Angulo Cancer Research and Treatment Center - CTIC

The CTIC consolidates its higher purpose of being a leading center in technology, treatment and research that serves all types of cancer patients. It offers the best quality care, due to its professional treatment and technical teams, with



prevention programs, through community advice and research programs on cancer issues in Colombia.

In 2023, the CTIC treated more than 7,488 patients in different Clinical Functional Units and Functional Care Units. Some figures for these services were: 25,406 outpatient consultations, 13,857 radiotherapy sessions, 18,132 diagnostic images, 6,629 sessions at the infusion center and 2,908 surgeries, among other care. The perception of humanized care by patients was 98.95%.

Research and Education: 79 articles were published with an average H-index of 9.56, achieving great impact and being at the forefront of the medical literature. The Center's teams of specialists made more than 200 presentations in different scientific scenarios at a national and international level, among other great advances in the initiation of phase 3 clinical studies, in compliance with the GCP Good Clinical Practices Certification granted by INVIMA.

In 2024, the Center will continue to articulate cancer prevention and early detection programs to be one step ahead of this disease and positively impact the incidence and quality of life of Colombians.

## Misión la Guajira

At the end of the year, we announced a project that fills us with pride and will allow us to strengthen our ties with the communities and build a group with La Guajira. Through Misión La Guajira, we work together with Prosperidad Social and Prisa Media to find structural and sustainable solutions for the supply of water, energy, and food security for the inhabitants of this department, in addition to their productive inclusion. By the end of 2024, it is expected to bring these services to about 80 communities in Manaure and Uribia, benefiting around 3,600 families in the region.

## Diversity, Equity, and Inclusion

### Corporate Diversity and Inclusion Policy

We have a Corporate Diversity and Inclusion Policy, which seeks to establish the general principles and guidelines that complement our Codes of Ethics and ensure a diverse, equitable, inclusive, and respectful organizational culture, which values differences within Grupo Aval and the entities. Promoting equal treatment for all people, regardless of ethnicity, gender identity, sexual orientation, political or religious affiliation, nationality, disability, age, marital status, socioeconomic status, among others.



For more information on the policy, please refer to:

<https://www.grupoaval.com/documents/1028736/1115222/Pol%C3%ADticaCorporativadeDiversidadelInclusi%C3%B3nGrupoAval.pdf/ac8bebe1-3b22-f0fe-d3ec-bc6e1b5d4c51?t=1630353411752>

### Diversity Ambassadors

As part of the Diversity, Equity, and Inclusion strategy, 19 employees from the different entities were certified as Diversity Ambassadors. This program, directed by the Chamber of Diversity, was aimed at training, and generating internal capacities in organizations on these issues that allowed participants to acquire knowledge and tools for the management of diversity in their organizations and to become familiar with the concepts, processes, and requirements of inclusive companies, in accordance with national and international standards.

During the year, DEI leaders from the entities actively participated in the Chamber Academies convened by the Chamber of Diversity, in order to present and share best practices.



## We Trade

For the fifth consecutive year, we participated as allies in the We Trade Fair together with our entities, offering products and services to promote the financial inclusion of this population. In addition, we were part of two spaces: 1. The Power of Diversity and 2. Grupo Aval: building a more diverse and inclusive country, which allowed us to demonstrate the path and the lessons that have been achieved with DEI actions.

## Pride Parade

For the second year, employees, family and friends, we joined the pride parade that took place on July 2, reaffirming our commitment to the rights of all people and making a group with diversity.

## National Ranking of Diverse and Inclusive Companies

For the first time, all entities participated in the National Ranking of Diverse and Inclusive Companies to generate a diagnosis and find gaps that allow us to strengthen our strategy. As a result, Banco de Bogotá and Corficolombiana ranked 4th and 9th respectively.

## Xtrends–Compensar

We participated in the forum "The humanization of leadership, diversity is in everyone", organized by Compensar, where we discussed the lessons learned and best practices of companies in this area.

## Milestones in Diversity and Inclusion of Entities

- Banco de Bogotá launched the inclusive communication guide that by 2023 will support the elimination of microaggressions, micro-machismo, among others, in the day-to-day life.
- Banco de Occidente launched the first Touch Card aimed at visually impaired people. It also launched the Pride Connections campaign with training programs for employees in Female Leadership in Organizations, Transformative Leadership in Gender Terms, Diverse Leadership in Organizations, Sexual and Gender Diversity, and Affirmative Practices in the Recognition of Sexual Diversity.
- Banco Popular was recognized by Forbes Magazine 2023 as one of the 12 leading companies in Diversity, Equity, and Inclusion.
- Banco AV Villas and Banco de Occidente have sign language interpreter collaborators, who provide support to customers with hearing and/or language disabilities that reach any bank office in the country. In addition, as relevant actions, Banco AV Villas has a basic course that offers its



employees to learn this language and thus contribute to building a more empathetic and inclusive society.

- Corficolombiana carried out different volunteer work with families with HIV and displaced persons, trans women, children with cognitive disabilities in Bogotá, people with intellectual disabilities, children diagnosed with cancer

## Gender equity

### Aequales PAR Ranking Measurement

For the first time, we participated together with our entities in the measurement of the Aequales PAR Ranking to find opportunities for improvement, close gaps and promote actions to improve the group's performance in Gender Equity. For Grupo Aval Holding, the main strengths found in the diagnosis were: the Corporate Diversity and Inclusion Policy; the possibility of working from home for caregivers and the staggered return of maternity leave. The main opportunities for improvement include the definition of the DEI action plan; the development of the Corporate Manual for Inclusive Communications; the development of the socio-demographic characterization survey and the strengthening of processes for the prevention and care of harassment.

### Woman To Watch Recognition

Our Marketing & ESG Manager, Maria Fernanda Sánchez Castaño, was recognized as one of the 11 Colombian Women to Watch 2023 by P&M magazine, which rewards transformative female work in the advertising, marketing and communications sector, highlighting her leadership, inspiration, influence and contribution to the sector.

### Participation of Women in Entities

405-1

| Entity                    | Women's participation (%) |            |
|---------------------------|---------------------------|------------|
|                           | Staff                     | Managerial |
| <b>Banco de Bogotá</b>    | 59                        | 40         |
| <b>Banco de Occidente</b> | 62                        | 33         |
| <b>Banco Popular</b>      | 59                        | 42         |
| <b>Banco AV Villas</b>    | 66                        | 15         |
| <b>Corficolombiana</b>    | 37                        | 45         |
| <b>Porvenir</b>           | 60                        | 57         |



## Milestones in Gender Equity of the Entities

With the "Comunidad de Mujeres BdB" program, Banco de Bogotá promoted the construction of sorority by attending to the specific needs of women and tailored to their needs in three fundamental pillars: Family life, personal growth, and professional development.

- Banco de Occidente ranked seventh in the Great Place to Work ranking, as the best place to work for women for companies with more than 1,500 employees. In addition, it launched the Pride Connections campaign with training programs for employees aligned with respect for Human Rights on topics such as: Female Leadership in Organizations, Transformative Leadership in Gender Terms, Diverse Leadership in Organizations, Sexual and Gender Diversity and Affirmative Practices in the Recognition of Sexual Diversity.
- The president of Corficolombiana, Maria Lorena Gutiérrez Botero, was recognized by 30% Club Growth Through Diversity, for promoting gender equality in boards of directors.
- Banco de Bogotá maintained the Equipares Silver Seal and received certification as a Family-Responsible Company (EFR), for a system that reconciles work and family life, by the MásFamilia Foundation. It has developed different strategies such as: " Más equidad por el país" that provided 60% of the 150 scholarships of the Juan María Robledo program, which benefits young women digital talents who are studying STEM careers. It implemented the STEM Talent Seedbed, which seeks to encourage the participation of more women in careers related to science, technology, engineering, and mathematics, as well as their incorporation and training in areas of digital transformation. The organization invited girls and young women to participate in the Scientific Challenge BdB, an initiative that stimulates and rewards the talent of women between the ages of 7 and 18, around science and technology. In partnership with Inexmoda, the second edition of "Mujeres Cambiando la Moda" was held aimed at women entrepreneurs who seek to energize, enhance, and transform their businesses into innovative, competitive, and sustainable companies. With the "Comunidad de Mujeres BdB" program aimed at almost 6,000 women; they generate value for each of the women who are part of the bank.
- Banco Popular has a maternity room and 14 calendar days, in addition to the 18 weeks established by law.
- Banco AV Villas has breastfeeding rooms and provides knowledge and training spaces for employees who are expecting children or who are already parents through virtual talks.

- Corficolombiana and its investments created 5,007<sup>12</sup> jobs for women in the last year. They have an Equitable Remuneration Policy for all employees, and a Compensation Policy, through the salary management model, aligned with the organization's strategic plan

## Corporate Human Rights Policy

In 2023, we began the construction of the Corporate Human Rights policy, which will come into force in the first semester of 2024.

## Coordinated Work with our Banks

We continue to lead the Corporate Diversity, Equity, and Inclusion Committee with the participation of our entities (Banks, Corficolombiana, Porvenir and dale!), to monitor management and make decisions that allow us to optimize the efforts and resources available, in addition to finding opportunities for corporate synergies.

## 2024 Commitments

### Grupo Aval Holding Actions

- Implement periodic awareness programs on diversity, equity, and inclusion for managers and employees and encourage their participation.
- Generate action plans for the PAR Aequales or similar ranking result and follow up.
- Maintain the recognition of the Friendly Biz seal.

## Entities Management

- Evaluate the spaces for raising awareness about diversity, equity, and inclusion carried out by the entities.
- Hold periodic DEI committees to monitor the implementation of action plans, indicators and/or goals for compliance with corporate diversity, equity, and inclusion commitments such as the Friendly Biz seal.

<sup>12</sup> Corresponds to direct, apprentice and temporary employees.



## Annex I. - Special report

### Article 29 Law 222 of 1995 – Grupo Empresarial Sarmiento Angulo

#### GRUPO EMPRESARIAL SARMIENTO ANGULO INFORME ESPECIAL – ARTÍCULO 29 LEY 222 DE 1995

##### GRUPO AVAL ACCIONES Y VALORES S.A. Sociedad que conforma el grupo empresarial

En cumplimiento de lo establecido en el artículo 29 de la Ley 222 de 1995, con el presente la Administración de Grupo Aval Acciones y Valores S.A.(en adelante, la “Sociedad”), compañía que hace parte del Grupo Empresarial Sarmiento Angulo, rinde el informe especial en el que se detallan las relaciones económicas que la Sociedad sostiene con la persona natural matriz (Dr. Luis Carlos Sarmiento Angulo) o con otras entidades que integran el grupo empresarial, durante el periodo comprendido entre el 1 de enero y el 31 de diciembre de 2023.

La información que se presenta a continuación ha sido tomada de los registros contables y de los estados financieros de la Sociedad, así como de los libros de actas de los órganos sociales de la misma. Las cifras están en millones de pesos colombianos.

Salvo que expresamente se indique lo contrario, las operaciones contenidas en el presente informe se celebraron en condiciones de mercado. Adicionalmente, las operaciones celebradas han tenido en consideración el mejor interés de cada una de las partes involucradas.

#### 1. Operaciones celebradas con la persona natural controlante o con otras sociedades que integran el Grupo Empresarial Sarmiento Angulo:

Entre las operaciones reportadas a continuación, se encuentran, por ejemplo, las siguientes:

- Operaciones de crédito celebradas entre la Sociedad y entidades que conforman el grupo empresarial.
- Operaciones que reflejan ingresos y costo o gastos por prestación de servicio intercompañías.
- Operaciones que versen sobre la propiedad o tenencia de bienes inmuebles.
- Acuerdos de prestación de servicios.
- Otorgamiento de garantías.
- Adquisición de acciones, bonos u otra clase de títulos valores.

Durante el ejercicio social 2023, la Sociedad llevó a cabo las siguientes operaciones con la persona natural controlante o con otras sociedades que integran el Grupo Empresarial Sarmiento Angulo:

(Cifras expresadas en millones de pesos colombianos)

| Compañía Destinataria  | Cuentas Activas | Cuentas Pasivas | Ingresos | Gastos |
|------------------------|-----------------|-----------------|----------|--------|
| A Toda Hora S.A. - ATH | -               | 36              | -        | 31     |
| Actiunidos S.A.S.      | -               | 45.042          | -        | -      |
| ADL Digital Lab S.A.S. | 12.231          | -               | -        | -      |
| Adminegocios S.A.S.    | -               | 70.954          | -        | -      |
| Alpopular S.A.         | -               | 1               | -        | 13     |

| Compañía Destinataria                                                    | Cuentas Activas   | Cuentas Pasivas | Ingresos       | Gastos        |
|--------------------------------------------------------------------------|-------------------|-----------------|----------------|---------------|
| Aminversiones S.A.S.                                                     | -                 | 13.269          | -              | -             |
| Banco Comercial AV Villas S.A.                                           | 1.324.941         | -               | 40.058         | -             |
| Banco de Bogotá S.A.                                                     | 9.236.464         | 427.724         | 128.391        | 73.709        |
| Banco de Occidente S.A.                                                  | 4.114.469         | 79.843          | 81.774         | 2.089         |
| Banco Popular S.A.                                                       | 3.012.689         | -               | 39.156         | -             |
| Casa Editorial El Tiempo S.A.                                            | -                 | -               | -              | 4             |
| Codenagocios S.A.S.                                                      | -                 | 4               | -              | -             |
| Corporación Financiera Colombiana S.A.                                   | 1.235.453         | 470             | 4.203          | 74            |
| El Zuque S.A.S.                                                          | -                 | 18.093          | -              | -             |
| Esadinc S.A.S.                                                           | -                 | -               | 54.375         | -             |
| Hoteles Estelar S.A.                                                     | -                 | -               | -              | 7             |
| Inverprogreso S.A.S.                                                     | -                 | 3.615           | -              | -             |
| Inversgovia S.A.S.                                                       | -                 | 4.676           | -              | -             |
| Inversiones Escorial S.A.S.                                              | -                 | 14.924          | -              | -             |
| Leadersearch S.A.S.                                                      | -                 | -               | -              | 12            |
| Rendfin S.A.S.                                                           | -                 | 10.410          | -              | -             |
| Seguros Alfa S.A.                                                        | -                 | 38              | -              | 15            |
| Seguros de Vida Alfa S.A.                                                | -                 | 30.052          | -              | 6.534         |
| Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. | 609.657           | -               | 16.810         | -             |
| Socineg S.A.S.                                                           | -                 | 14.286          | -              | -             |
| Sosacol S.A.S.                                                           | -                 | 192             | -              | -             |
| Vigia S.A.                                                               | -                 | 4               | -              | -             |
| <b>Total</b>                                                             | <b>19.545.904</b> | <b>733.633</b>  | <b>364.767</b> | <b>82.488</b> |

**2. Operaciones de mayor importancia concluidas durante 2023 correspondientes a decisiones adoptadas por órganos sociales de la sociedad y que involucran a la persona natural controlante o a otras sociedades que conforman el Grupo Empresarial Sarmiento Angulo:**

- Los créditos otorgados en diciembre 2022 por grupo Aval a Esadinc S.A. por US\$ 270 millones de dólares a un plazo de tres años y por \$200.000 millones a un plazo de dos años, ambos en condiciones de mercado, fueron subrogados en el mes de mayo de 2023 de tal manera que Esadinc cedió su posición contractual de deudor, a Endor Capital Assets S.R.L., entidad controlada por el Dr. Luis Carlos Sarmiento Angulo.
- La Junta Directiva de Grupo Aval autorizó a la Sociedad para que, en la Asamblea General de Accionistas del Banco de Bogotá del 13 de marzo de 2023 votara favorablemente una operación entre el Banco de Bogotá S.A. y Endor Capital Assets S.R.L., en virtud de la cual el Banco de Bogotá S.A. vendió a Endor 1,774,622,820 acciones ordinarias de BAC Holding International Corp., que representan el 4,11% del capital en circulación de BHI, y se manifestara sobre los conflictos de interés revelados por algunos de los administradores del

Banco de Bogotá que habrían de considerar y decidir sobre la operación indicada.

- Pago de dividendos realizados durante el año 2023:  
(Cifras expresadas en millones de pesos colombianos)

| Compañía Origen             | DIVIDENDO PAGADO EN 2023 |
|-----------------------------|--------------------------|
| Adminegocios S.A.S.         | 212,154                  |
| Actuados S.A.S.             | 134,677                  |
| El Zuque S.A.S.             | 54,097                   |
| Inversiones Escorial S.A.S. | 44,623                   |
| Socineg S.A.S.              | 42,714                   |
| Aminversiones S.A.S.        | 39,674                   |
| Rendfin S.A.S.              | 31,072                   |
| Inversgovia S.A.S.          | 13,981                   |
| Inverprogreso S.A.S.        | 10,808                   |
| Sosacol S.A.S.              | 573                      |
| Seguros Alfa S.A.           | 115                      |
| Vigia S.A.                  | 13                       |
| Codenagocios S.A.S.         | 12                       |
| <b>Total</b>                | <b>584,513</b>           |

**3. Decisiones de mayor importancia que la sociedad haya tomado o dejado de tomar por influencia o en interés de la persona natural controlante.**

El 22 de noviembre de 2023 Grupo Aval, junto con los bancos de Bogotá, de Occidente y Popular suscribieron un acuerdo de accionistas como resultado del cual el Banco Popular obtuvo la calidad de controlante de la Corporación Financiera Colombiana S.A. en los términos de los artículos 260 y 261 del Código de Comercio.

Además de las operaciones y decisiones contenidas en este informe, durante el ejercicio social 2023, la Sociedad no participó en otras decisiones de importancia por influencia o en interés de la matriz o de otras sociedades que hacen parte del grupo empresarial.

Bogotá 26 de febrero de 2024

La Administración  
Grupo Aval Acciones y Valores S.A.

## Annex 2 – Issuer's certification

### CERTIFICACIÓN DEL ARTÍCULO 37 DE LA LEY 222 DE 1995 Y DEL ARTÍCULO 46 DE LA LEY 964 DE 2005.

**DIEGO FERNANDO SOLANO SARAVIA** actuando en calidad de representante legal y **MARIA EDITH GONZÁLEZ FLORES** actuando en calidad de contadora de **GRUPO AVAL ACCIONES Y VALORES S.A.** (en adelante "Grupo Aval" o la "Sociedad") atendiendo los términos establecidos en el artículo 37 de la Ley 222 de 1995 y el artículo 46 de la Ley 964 de 2005, de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia:

#### CERTIFICAMOS:

- Que las afirmaciones contenidas en los estados financieros separados y consolidados de la Sociedad por el periodo comprendido entre el 1 de enero y el 31 de diciembre de 2023, junto con sus notas y correspondientes anexos fueron verificadas previamente por nosotros y se han tomado fielmente de los libros de la Sociedad y demás registros.
- Que los estados financieros e informes conexos no contienen vicios, imprecisiones o errores que impidan conocer la verdadera situación patrimonial o las operaciones de Grupo Aval y los mismos fueron puestos a disposición de los accionistas de la Sociedad y de la Superintendencia Financiera de Colombia, en concordancia con el artículo 37 de la Ley 222 de 1995 y de acuerdo con los términos establecidos en el artículo 46 de la Ley 964 de 2005.

Se emite la presente certificación el 22 de febrero de 2024.

Atentamente,

**DIEGO SOLANO SARAVIA**

Representante Legal  
GRUPO AVAL ACCIONES Y VALORES S.A.

**MARIA EDITH GONZÁLEZ FLÓREZ**

Contadora  
GRUPO AVAL ACCIONES Y VALORES S.A.

### CERTIFICACIÓN ACERCA DE ASPECTOS MATERIALES DEL NEGOCIO

**DIEGO FERNANDO SOLANO SARAVIA** actuando en calidad de representante legal de GRUPO AVAL ACCIONES Y VALORES S.A. (en adelante la "Sociedad") dando conformidad al punto (i) del artículo 7.4.1.2.7 del Anexo 1 del Capítulo I, Título V, Parte III de la Circular Básica Jurídica, certifico que la información financiera incluida el Informe Periódico de Fin de Ejercicio correspondiente al año 2023 comprende todos los aspectos materiales del negocio de la Sociedad.

Se emite la presente certificación el 22 de febrero de 2024.

**DIEGO SOLANO SARAVIA**

Representante Legal  
GRUPO AVAL ACCIONES Y VALORES S.A.

## INFORME SOBRE LOS RESULTADOS DE LA EVALUACIÓN A LOS SISTEMAS DE CONTROL INTERNO Y DE LOS PROCEDIMIENTOS DE CONTROL Y REVELACIÓN DE LA INFORMACIÓN FINANCIERA.

**GRUPO AVAL ACCIONES Y VALORES S.A.** (en adelante “Grupo Aval” o la “Sociedad”) cuenta con procesos para soportar las políticas y procedimientos de su Sistema de Control Interno – SCI que dan aplicación al numeral 2 Capítulo I Título I de la Parte III de la Circular Básica Jurídica, que reglamenta el SCI para las entidades sometidas al control exclusivo de la SFC.

La Sociedad cuenta con sistemas robustos de revelación y control de información financiera. Así mismo los procesos diseñados para asegurar que la información sea presentada de forma adecuada han sido verificados por la Gerencia de Auditoría Interna y por la Vicepresidencia de Consolidación Contable en los términos del artículo 47 de la Ley 964 de 2005.

Dando cumplimiento a lo establecido en el artículo 47 de la Ley 964 de 2005 acerca del deber de verificar la operatividad de los controles establecidos al interior de la Sociedad y a lo establecido en el literal (ii) del artículo 7.4.1.2.7 del Anexo 1 de la Circular Externa 012 de 2022 me permito informar los resultados de la evaluación a los Sistemas de Control Interno y de los procedimientos de control y revelación de la información financiera:

*“Durante el año 2023 se desarrolló un proceso diligente y ordenado para identificar riesgos e implementar controles en las entidades y/o procesos alcanzados con el apoyo de los dueños de proceso y los oficiales Sox de cada entidad, así como informar los cambios en los controles para evaluación de diseño y la validación de la efectividad operatividad por parte de Auditoría Interna.*

*Se analizó de forma individual y agregada las deficiencias identificadas y reportadas por los Auditores Internos de cada Entidad, concluyendo que todas corresponden a deficiencias de control, sin impacto financiero residual al 31 de diciembre de 2023.*

*Basados en la evaluación de los aspectos de ambiente de control sobre el reporte financiero de acuerdo con el marco COSO 2013, se identificaron oportunidades de mejora que requieren planes de acción y que cada Entidad definió e implementó o está en proceso de implementación.*

*Se obtuvo y se documentó la información suficiente para que la Administración pueda certificar la efectividad del Control Interno sobre Reporte Financiero de Grupo Aval y sus subsidiarias al 31 de diciembre de 2022, por una parte, basados en las deficiencias reportadas por los Auditores Internos como resultado de sus evaluaciones independientes; y, por otra parte, basados en las certificaciones (Entidades Enfoque Completo) y manifiestos (Entidades Enfoque Particular) firmados y suministrados por los Presidentes y Vicepresidentes Financieros de las entidades en alcance al 31 de diciembre de 2023.*

*Con base en los resultados y la información obtenida del proceso SOX, se concluye que el Control Interno sobre el Reporte Financiero de Grupo Aval al 31 de diciembre de 2023, fue efectivo.*

*Mayor información detallada se encuentra en el Anexo – Presentación Comité de Auditoría Cierre 2023.”*

**DIEGO SOLANO SARAIVA**  
**Representante Legal**  
**GRUPO AVAL ACCIONES Y VALORES S.A.**

## Annex 3. Relevant documents

Below are links to relevant documentation of Grupo Aval Holding and entities, which complement the information presented in this report.

### Entities' TCFD Reports



Banco de Bogotá



Banco de Occidente



Banco Popular



Corficolombiana

### Entities' Management report 2023



Banco de Bogotá



Banco de Occidente



Banco Popular



Banco AV Villas



Corficolombiana



Porvenir



## Annex 4. GRI Content

| Standard GRI | Disclosure                                                              | Page                                                                                                                                                          |
|--------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2-1          | Organizational details                                                  | Grupo Aval Acciones y Valores S.A.<br>Carrera 13 N°<br>26° -47 Bogotá, Colombia.                                                                              |
| 2-2          | Entities included in the organization's sustainability reporting        | 16                                                                                                                                                            |
| 2-3          | Reporting period, frequency and contact point                           | This report is generated for the period January 1, 2023 to December 31, 2023. With annual frequency. The point of contact is: investorrelations@grupoaval.com |
| 2-5          | External assurance                                                      | The letter of assurance can be found in Annex 7.                                                                                                              |
| 2-6          | Activities, value chain, and other business relationships               | 16                                                                                                                                                            |
| 2-7          | Employees                                                               | 24                                                                                                                                                            |
| 2-8          | Workers who are not employees                                           | 24                                                                                                                                                            |
| 2-9          | Governance structure and composition                                    | 22,108, 116                                                                                                                                                   |
| 2-10         | Nomination and selection of the highest governance body                 | 108                                                                                                                                                           |
| 2-11         | Chair of the highest governance body                                    | 22, 119                                                                                                                                                       |
| 2-15         | Conflicts of interest                                                   | 121                                                                                                                                                           |
| 2-16         | Communication of critical concerns                                      | 126                                                                                                                                                           |
| 2-18         | Evaluation of the performance of the highest governance body            | 118                                                                                                                                                           |
| 2-19         | Remuneration policies                                                   | 116, 121                                                                                                                                                      |
| 2-20         | Process to determine remuneration                                       | 116, 121                                                                                                                                                      |
| 2-22         | Statement on sustainable development strategy                           | 8                                                                                                                                                             |
| 2-28         | Membership associations                                                 | 38                                                                                                                                                            |
| 2-29         | Approach to stakeholder engagement                                      | 39                                                                                                                                                            |
| 2-30         | Collective bargaining agreements                                        | 24                                                                                                                                                            |
| 3-1          | Process to determine material topics                                    | 35                                                                                                                                                            |
| 3-2          | List of material topics                                                 | 35                                                                                                                                                            |
| 201-1        | Direct economic value generated and distributed                         | 51                                                                                                                                                            |
| 203-1        | Infrastructure investments and services supported                       | 176                                                                                                                                                           |
| 205-1        | Operations assessed for risks related to corruption                     | 100                                                                                                                                                           |
| 205-2        | Communication and training about anticorruption policies and procedures | 90, 100                                                                                                                                                       |
| 205-3        | Confirmed incidents of corruption and actions                           | 100, 124                                                                                                                                                      |
| 207-1        | Approach to tax                                                         | 79                                                                                                                                                            |
| 207-2        | Tax governance, control, and risk management                            | 80                                                                                                                                                            |
| 207-4        | Country-by-country reporting                                            | 80                                                                                                                                                            |

| Standard GRI | Disclosure                                                                                   | Page                                                                                                                  |
|--------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| 302-1        | Energy consumption within the organization                                                   | 158                                                                                                                   |
| 303-5        | Water consumption                                                                            | 168                                                                                                                   |
| 305-1        | Direct (Scope 1) GHG emissions                                                               | 159                                                                                                                   |
| 305-2        | Energy indirect (Scope 2) GHG emissions                                                      | 159                                                                                                                   |
| 305-3        | Other indirect (Scope 3) GHG emissions                                                       | 159                                                                                                                   |
| 306-2        | Management of significant wasterelated impacts                                               | 168                                                                                                                   |
| 306-4        | Waste diverted from disposal                                                                 | 168                                                                                                                   |
| 308-1        | New suppliers that were screened using environmental criteria                                | 170                                                                                                                   |
| 401-1        | New employee hires and employee turnover                                                     | 144, 156                                                                                                              |
| 401-3        | Parental leave                                                                               | 147                                                                                                                   |
| 403-1        | Occupational health and safety management system                                             | 148                                                                                                                   |
| 403-2        | Hazard identification, risk assessment, and incident investigation                           | 149                                                                                                                   |
| 403-3        | Occupational health services                                                                 | 151                                                                                                                   |
| 403-4        | Worker participation, consultation, and communication on occupational health and safety      | 151                                                                                                                   |
| 403-5        | Worker training on occupational health and safety                                            | 152                                                                                                                   |
| 403-6        | Promotion of worker health                                                                   | 153                                                                                                                   |
| 403-8        | Workers covered by an occupational health and safety management system                       | 153                                                                                                                   |
| 403-9        | Work-related injuries                                                                        | 149, 153, 154                                                                                                         |
| 403-10       | Work-related ill health                                                                      | 154                                                                                                                   |
| 404-1        | Average hours of training per year per employee                                              | 145                                                                                                                   |
| 404-2        | Programs for upgrading employee skills and transition assistance programs                    | 145                                                                                                                   |
| 404-3        | Percentage of employees receiving regular performance and career development reviews         | 146                                                                                                                   |
| 405-1        | Diversity of governance bodies and employees                                                 | 111, 141, 179                                                                                                         |
| 406-1        | Incidents of discrimination and corrective actions taken                                     | 155                                                                                                                   |
| 414-1        | New suppliers that were screened using social criteria                                       | 170                                                                                                                   |
| 415-1        | Political contributions                                                                      | In 2023, Grupo Aval and subsidiaries did not made contributions to public or political public or political campaigns. |
| 418-1        | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 102                                                                                                                   |

## Annex 5. SASB Content

### Commercial Banks

| SASB         | Description                                                                                                                                                                              | Page                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FN CB 230a.1 | (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected.                                                 | 87                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| FN CB 230a.2 | Description of approach to identifying and addressing data security risks.                                                                                                               | 87                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| FN CB 240a.1 | 1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development.                                                        | 174                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN CB 240a.2 | (1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development.                                           | 174                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN CB 240a.3 | Number of no-cost retail checking accounts provided to previously unbanked or under-banked customers.                                                                                    | 175                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN CB 240a.4 | Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.                                                                            | 175                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN CB 410a.2 | Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis                                                                       | 95 - 96                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| FN-CB-410b.1 | Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3.                                                                                            | 161                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN-CB-410b.3 | Percentage of gross exposure included in the financed emissions calculation.                                                                                                             | 161                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN-CB-410b.4 | Description of the methodology used to calculate financed emissions.                                                                                                                     | 161                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN CB 550a.1 | Global Systemically Important Bank (G-SIB) score, by category.                                                                                                                           | Grupo Aval's banks are not part of the G-SIG, therefore, they do not represent Global Systemic Importance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| FN CB 550a.2 | Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities. | <p>Although Grupo Aval does not have a regulatory obligation to perform stress tests, the Holding Company advises, coordinates and monitors the stress tests performed by each entity with the obligation to comply with stress testing. Internal areas from each of these, participate in the design, implementation and validation of the stress tests, and are in charge of developing forecasts aligned with the business plan. Each area in charge implements and validates the assumptions and methodologies that were used for the forecasts.</p> <p>Stress testing exercises act as a tool in the planning and monitoring of the financial situation of the entities, which also allows coordinating efforts and advancing in the responsible management of the organizations towards the objectives set by each of them.</p> |
| FN-CB-000.A  | (1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business.                                                                               | 175                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| FN-CB-000.B  | (1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate.                                                                                       | 175                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

### Actividades de Gestión y custodia de activos

| SASB         | Description                                                                                                                                                                                 | Page |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| FN AC 410a.1 | Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening | 171  |
| FN AC 410a.2 | Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies                                  | 171  |
| FN AC 410a.3 | Description of proxy voting and investee engagement policies and procedures                                                                                                                 | 171  |
| FN-AC-410b.1 | Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3                                                                                                | 161  |
| FN-AC-410b.2 | Total amount of assets under management (AUM) included in the financed emissions disclosure                                                                                                 | 161  |
| FN-AC-410b.3 | Percentage of total assets under management (AUM) included in the financed emissions calculation.                                                                                           | 161  |

## Annex 6 – Circular OI2 content

| Chapter                                                                            | Description                                                                                                                                                                                                                                                  | Section                                                                               | Pages      |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------|
| <b>GENERAL</b>                                                                     | Home page                                                                                                                                                                                                                                                    |                                                                                       | 1          |
|                                                                                    | Tale of contents                                                                                                                                                                                                                                             |                                                                                       | 4          |
|                                                                                    | Glossary                                                                                                                                                                                                                                                     |                                                                                       | 6          |
| <b>FIRST PART<br/>GENERAL ASPECTS<br/>OF THE OPERATION</b>                         | Description of the issuer's business purpose                                                                                                                                                                                                                 | About Grupo Aval - Our business                                                       | 16         |
|                                                                                    |                                                                                                                                                                                                                                                              | Strategic Direction                                                                   | 31         |
|                                                                                    |                                                                                                                                                                                                                                                              | Market Leadership                                                                     | 41         |
|                                                                                    | Litigation, judicial and administrative proceedings                                                                                                                                                                                                          | Corporate Governance Chapter                                                          | 108        |
|                                                                                    | Relevant risks and mitigation mechanisms                                                                                                                                                                                                                     | Integrated risk management Chapter - Relevant risk                                    | 103        |
| <b>SECOND PART.<br/>FINANCIAL AND STOCK<br/>MARKET PERFORMANCE</b>                 | Behavior/Performance of securities in trading systems                                                                                                                                                                                                        | About Grupo Aval - Our shareholders and investors                                     | 19         |
|                                                                                    | Information about the issuer's equity ownership and material matters relating to its ownership structure.                                                                                                                                                    | About Grupo Aval - Our shareholders and investors                                     | 19         |
|                                                                                    | Financial information of the year compared to the immediately preceding year                                                                                                                                                                                 | Annex EEFF                                                                            |            |
|                                                                                    | Management's discussion and analysis of the results of operations and the separate and consolidated financial position, in relation to the periods covered the financial information reported, including the main financial indicators and their respective: | Chapters: Market Leadership, Consolidated results and Performance of our subsidiaries | 41, 58, 62 |
|                                                                                    | Quantitative and qualitative analysis of the market risk to which the issuer is exposed as a result of its investments and activities sensitive to market variations.                                                                                        | Chapters: Market Leadership, and Performance of our subsidiaries                      | 41, 62     |
|                                                                                    | Material transactions with related parties                                                                                                                                                                                                                   | Corporate Governance Chapter - Related-Party Transactions                             | 122        |
|                                                                                    | Controls for Fiscal Year-End Report Reporting                                                                                                                                                                                                                | Annex 1 and 2                                                                         |            |
| <b>THIRD PART.<br/>SUSTAINABILITY<br/>PRACTICES AND<br/>RESPONSIBLE INVESTMENT</b> | Corporate Governance analysis                                                                                                                                                                                                                                | Corporate Governance Chapter                                                          | 108        |
|                                                                                    | Practices, policies, processes and indicators in relation to environmental and social criteria                                                                                                                                                               | Strategic Direction, Sustainability strategy, double materiality.                     | 31, 35     |
|                                                                                    |                                                                                                                                                                                                                                                              | Environment and Social value creation chapters                                        | 158, 173   |
| <b>ANEXXES</b>                                                                     | (i) The individual or separate and consolidated year-end financial statements, as applicable, in accordance with the provisions of sub-number 7.4.1.2.3. of this Chapter.                                                                                    | Annex EEFF                                                                            | 190        |
|                                                                                    | (ii) Any material change that has occurred in the issuer's financial statements between the period covered by the year-end report and the date on which disclosure to the public is authorized.                                                              | Annex EEFF                                                                            | 419        |

## Annex 7 – Third part verification



Sirs,  
Shareholders and other interested parties of  
**Grupo Aval Acciones y Valores S.A. (hereinafter "The Company")**  
Bogotá D.C., Colombia

### INDEPENDENT LIMITED ASSURANCE REPORT

#### Scope of our Work

We have been engaged by **Grupo Aval Acciones y Valores S.A. ("The Company")** to perform a limited assurance engagement on the information detailed in Annex A (hereinafter, the information subject to assurance), included in the Management and Sustainability Report for the year ended december 31, 2023.

Our limited assurance engagement was performed solely in relation to the selected sustainability information included in Annex A. Our assurance report does not extend to prior periods' information nor other information included in the Management and Sustainability Report 2023, nor other information related to that report that may incorporate images, audios, or videos.

#### Criteria applied by Grupo Aval Acciones y Valores S.A.

The criteria used by The Company's management to prepare the assurance information detailed in annex A and included in the Management and Sustainability Report 2023 were established considering the concepts, requirements and principles contained in the Global Reporting Initiative (GRI), as well as the criteria defined for its dual materiality analysis process, which are detailed in annex A enclosed.

#### Responsibilities of Grupo Aval Acciones y Valores S.A. management on the information subject to assurance included in the Management and Sustainability Report 2023

The Company's management is responsible for the preparation and presentation of the information subject to assurance included in the Management and Sustainability Report 2023, in accordance with the criteria of the Global Reporting Initiative (GRI) standards, as well as the criteria defined for its dual materiality analysis process, which are detailed in annex A enclosed. This responsibility includes designing, implementing, and preserving internal control necessary to allow for the preparation of information subject to assurance that is free from material errors, whether due to fraud or error.

#### Responsibilities of BDO

Our responsibility is to express a limited assurance conclusion on the information subject to assurance based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) International Standard on Assurance Engagements other than the audit or review of historical financial information issued by the "International Auditing and Assurance Standards Board" (IAASB). This standard requires us to conclude if any facts have come to our attention that cause us to believe that management's representations are not fairly stated in all material respects. In a limited assurance engagement, the practitioner performs procedures (primarily



by making inquiries of management and others within the entity, as appropriate, and applying analytical procedures), and evaluates the evidence obtained.

The procedures we performed were supported by our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluation of the adequacy of quantification methods and reporting policies, and concordance or reconciliation with the underlying records.

Given the circumstances of commitment, we have performed the following procedures:

- a) Through inquiries, it obtained an understanding of the control environment and significant The Company information systems but did not evaluate the design of the control activities or collect evidence on their implementation, nor test their operating effectiveness.
- b) Understanding of the instruments used to generate, compile, and report the information subject to assurance by inquiries with the personnel responsible for the related processes.
- c) Inquiry with management to understand the process carried out by Grupo Aval Acciones y Valores S.A., regarding the material issues as well as the participation of stakeholders in this process.
- d) Interviews with The Company personnel to have a better understanding of the business and the Report preparation process.
- e) Interviews with the corporate staff of Grupo Aval Acciones y Valores S.A. responsible for the information to be reported in order to understand the process of collection, consolidation and presentation of the information subject to assurance.
- f) Review and understanding of the process to determine the dual materiality 2023 of Grupo Aval Acciones y Valores S.A.
- g) Verification of the calculation criteria and their proper application according to the methodologies described in the criteria of the indicators under assurance.
- h) Performing analytical review procedures to support the fairness of the data.
- i) Comparison of the information reported in the Management and Sustainability Report with the information corresponding to the relevant underlying sources to ensure that the information has been included in the Management and Sustainability Report.
- j) Analysis of the collection and internal control processes of the quantitative data reflected in the Report, regarding the reliability of the information, using analytical procedures and review tests based on sampling.
- k) Reading of the information included in the Management and Sustainability Report to compare it with the criteria self-declared by The Company in accordance with the compliance requirements of GRI 1 - Fundamentals.
- l) Reading of the information included in the Management and Sustainability Report to compare it with the criteria defined by the GRI 2 - General Disclosures and GRI 3 - Material topics. The above in accordance with the declaration of use that The Company applied: with reference to the GRI Standards.



m) Applied substantive tests on a random selective basis of the information subject to assurance, prepared by management, to determine the standards, indicators and verify that the data were accurately measured, recorded, compiled, and reported through:

- i. Inspection of policies and procedures set by The Company.
- ii. Inspection of supporting documents of internal and external sources.
- iii. Recalculations.
- iv. Information reported by Management compared to that set forth in the criteria section of this report.

Annex A details the information subject to assurance included in the scope of our work.

Our limited assurance engagement was conducted only with respect to the information subject to assurance included in Annex A, for the year ended december 31, 2023; and we have not performed any procedures with respect to prior years, future projections and goals, or any other elements of other information included in the Management and Sustainability Report for the year ended december 31, 2023 and, therefore, we do not express a conclusion in this regard.

The procedures applied in a limited assurance engagement vary in nature and timing of application and are of reduced scope than in the case of a reasonable assurance engagement and, consequently, the level of reliability obtained in a limited assurance engagement is substantially lower than that which would have been achieved in the case of a reasonable assurance engagement.

We consider that the evidence collected is adequate and appropriate to provide a basis for our limited assurance conclusion.

#### Independence and Quality Control

We have complied with the ethical and independence requirements of the professional code of ethics for public accountants issued by the International Ethics Standard Board for Accountants (IESBA), which is based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm BDO Audit S.A.S BIC applies the International Standard on Quality Management ("ISQM") 1 and, therefore, preserves a comprehensive quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and requirements of applicable laws and regulations.

#### Inherent limitations of the assurance engagement

The selected sustainability disclosures are subject to inherent uncertainty due to the use of non-financial information which is subject to greater inherent limitations than financial information due to the nature of the methods used to determine, calculate, sample or estimate such information. In the preparation of the information, the entity performs qualitative interpretations about the relevance, materiality and accuracy of the information that are subject to assumptions and judgments.

#### Conclusion of limited assurance

Based on the procedures we have performed and on the evidence we have gathered, no situation has been brought to call our attention that leads us to believe that the information subject to assurance included in Annex A of the Management and Sustainability Report for the



year ended December 31, 2023 of Grupo Aval Acciones y Valores S. the provisions of the criteria section of this report.

#### Restriction on use of the Report

Our report is exclusively issued for the purpose set forth in the first be used for any other purpose nor be distributed to other parties separately only the issues mentioned in the preceding sections and the information included in Annex A and does not extend to any other financial and included in the Management and Sustainability Report of Grupo Aval for the year ended december 31, 2023, nor to its financial statements

#### Action plan

BDO Audit S.A.S. BIC delivers to Grupo Aval Acciones y Valores S report, recommendations of action for future preparation of Sustainability Report, which do not modify the conclusion expressed strengthen the process of construction, management, measurement communication of The Company's sustainability indicators.

**Luis Fernando Gómez González**  
Audit and Assurance Partner  
Certified Public Accountant PL 144.355

Member of  
BDO Audit S.A.S BIC  
Bogotá D.C., April 15, 2024.





## ANNEX A

### Scope of limited assurance

The following are the GRI Standards, and the criteria defined by The Company for its dual materiality analysis process covered by this assurance.

These criteria are an integral part of our independent limited assurance report on the Management and Sustainability Report of Grupo Aval Acciones y Valores S.A. for the period from January 1 to December 31, 2023.

| Standard GRI                           | Description                                                                                                                                                                                                    |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2-9                                    | Governance structure and composition.                                                                                                                                                                          |
| 205-3                                  | Confirmed incidents of corruption and actions taken.                                                                                                                                                           |
| 418-1                                  | Substantiated complaints concerning breaches of customer privacy and losses of customer data.                                                                                                                  |
| 201-1                                  | Direct economic value generated and distributed.                                                                                                                                                               |
| 302-1                                  | Energy consumption within the organization.                                                                                                                                                                    |
| 305-1                                  | Direct (Scope 1) GHG emissions.                                                                                                                                                                                |
| 305-2                                  | Energy indirect (Scope 2) GHG emissions (Location method) and (Market Method).                                                                                                                                 |
| 305-3                                  | Other indirect (Scope 3) GHG emissions.                                                                                                                                                                        |
| 306-4                                  | Waste diverted from disposal.                                                                                                                                                                                  |
| 401-1                                  | New employee hires and employee turnover.                                                                                                                                                                      |
| 403-1                                  | Occupational health and safety management system.                                                                                                                                                              |
| 403-9                                  | Work-related injuries.                                                                                                                                                                                         |
| 405-1                                  | Diversity of governance bodies and employees.                                                                                                                                                                  |
| Materiality Analysis                   | Description                                                                                                                                                                                                    |
| Analysis of dual materiality year 2023 | Methodological process implemented by Grupo Aval Acciones y Valores S.A. for the analysis of dual materiality in 2023 and a description of which is included in the 2023 Management and Sustainability Report. |



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